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ABSTRACT

This report examines the Chicago Public School System's need for capital improvement, and it highlights action plans for the future. The report reveals that many planned school improvements projects are unfunded and that there is about $229 million worth of projects that no longer appear in the city's capital improvements plan. Overcrowding remains a persistent and unresolved problem, and there has been no clear plan for integrating educational technology. The Chicago public school system alone has $2.5 billion in unfunded capital needs for its schools, but funds allotted for statewide capital needs are rapidly disappearing, and federal assistance in local school construction and repair needs is in jeopardy. It is recommended that, to ensure that the Capital Improvement Program is as fair and efficient as possible, the Chicago Public Schools should release the building assessments for each school facility and make public its demographic predictions for enrollment growth. Appendices contain highlights of capital programs in other major midwestern cities and a summary of Chicago's Teachers' Pension Fund Proposal. (GR)

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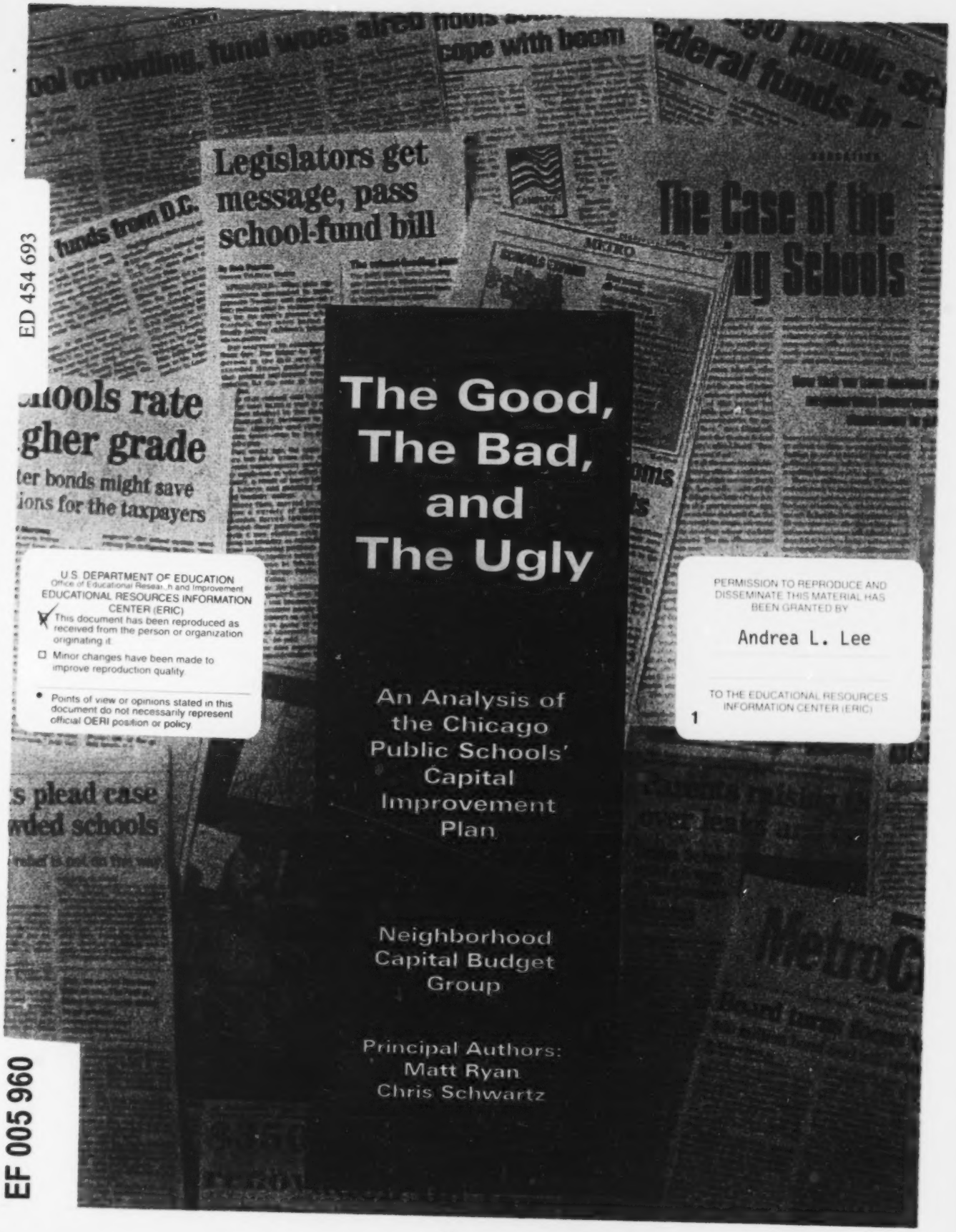

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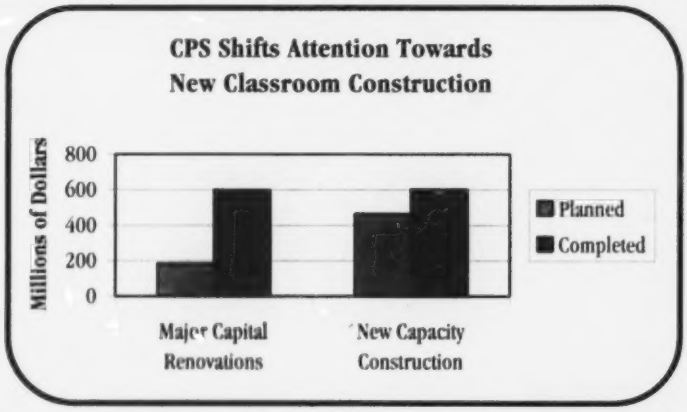
Introduction and Executive Summary

The Chicago Public Schools have come a long way since Paul Vallas and Gery Chico took over the two top spots there in 1996. Decades of neglected repairs have been addressed at many schools, and some have been replaced entirely. Schools are being modernized to meet the science and technology needs of a 21st Century education. And for the first time in years, new classrooms have been built in Chicago to alleviate severe overcrowding in many schools. There's no question that Chicago's schools are much better off now than they were five years ago. This is what's good.

But the massive building and repair program has also had its share of challenges. Some of the ambitious promises made when the Capital Improvement Program (CIP) was first unveiled haven't come true. Many projects have been delayed, or disappeared from the CIP entirely. Parents, teachers, and principals still lack details about what exactly is planned for their schools, or when it will be completed. Hundreds of projects are listed in the CIP but have no funding, calling into question whether they will ever be done. This is what's bad.

After four years of work on the Capital Improvement Program, CPS acknowledges that $2.5 billion worth of unfunded capital needs still remain. *This $2.5 billion estimate only addresses today's capital problems. It does not take into account the ongoing costs of maintenance, upkeep, expansion, and modernization of school facilities.* The ability to use property tax revenues to issue new school construction and repair bonds is almost tapped out. The State's infrastructure program – Illinois FIRST – has provided millions to help the cause, but it, too, is running out of funds. Bipartisan school construction legislation at the federal level had enjoyed significant momentum and the aggressive backing of the President, but now is in jeopardy as the White House changes hands. Distressing questions exist about where Chicago will get the money to finish the job. This is what's ugly.



This report looks at how far the Chicago Public Schools have come with its capital program since 1996: where it has succeeded, where it has failed, and what the future may hold. Finally, we present some suggestions for making the process better, and an assessment of where State and Federal school construction efforts stand.

Among the report's key findings are:

The Good

- Since 1996, CPS reports having completed approximately $2.3 billion worth of school improvements and new construction.
- CPS has completed 489 major repair projects at a cost of over $598 million.
- A dozen new elementary schools, three new high schools, and 53 elementary school additions have opened since 1996.
- 97 new classroom-construction projects are planned for the next five years at the elementary school levels, along with five new high schools and six additions to existing high schools.
- CPS has been aggressive about seeking out what money is available beyond its local property tax base. CPS has captured $203 million in Illinois FIRST dollars and $14 million in federal "Qualified Zone Academy

Bonds," with more on the way. In addition, CPS has pursued changes to the State's treatment of teacher's pension funds that would bring another $1 billion into the capital program if passed, as well as attempted to tap into the City's Tax Increment Financing program to fund school projects in certain neighborhoods.

The Bad

- ***Many planned school improvements projects are unfunded.*** In fact, one-third of high school projects and three-quarters of planned elementary school projects are unfunded.
- ***About $229 million worth of projects have disappeared without a trace from the CIP.*** More than half of these projects once were funded, but now have been cut from the capital plan without explanation.
- ***Overcrowding remains a persistent problem.*** 36 percent of high schools and 32 percent of elementary schools are operating above their intended capacity, and many of them are severely overcrowded. Even more distressing, new elementary school additions are overcrowded again almost as soon as they open their doors. Of the 55 elementary school additions and six new schools that have been completed since 1996, 54 percent are already overcrowded again.
- ***Not enough is being done to solve the high school overcrowding problem.*** In fact, just three of Chicago's 10 most overcrowded high schools have any capacity additions planned, and none of these projects are funded.
- ***Many elementary schools haven't had their overcrowding problems addressed yet, either.*** In fact, 75 of the 149 overcrowded elementary schools – a full 50 percent – have no capacity additions planned.
- ***CPS has been unclear about its plans for educational technology.*** Several generations of projects have come and gone from the CIP without clear evidence that they were completed. What is CPS really planning to do to make its schools ready for the 21st Century?

The Ugly

- According to the National Education Association, ***Illinois needs $9.2 billion to meet all its school construction and repair needs.***
- ***CPS estimates that Chicago alone has $2.5 billion in unfunded capital needs for its schools.***
- ***Illinois FIRST risks running out of funds even before it expires in 2003.*** In fact, over half the funds allocated for school construction were spent in just the first two years of the five-year program.
- ***Federal legislation is in jeopardy.*** After successful pilot initiatives sponsored by Rep. Charles Rangel (D-NY), and strong bipartisan support for a bill sponsored by Rangel and Rep. Nancy Johnson (R-CT), the push for federal legislation has slowed. While there is still significant support in Congress, President Bush's education plan focuses a wide range of other issues, and has expressed no interest in federal legislation to assist with local school construction and repair needs.
- ***Despite the change in administrations, pressures exist in strong Republican states for help with school modernization.*** In fact, unmet capital need per student are actually highest in strong Republican states, and enrollment growth is also high in Republican areas of the country. This provides a ray of hope for those who want a federal school modernization bill to pass.

Action Steps

Capital Planning:

In order to ensure that the Capital Improvement Program is as fair and efficient as possible, the Chicago Public Schools should:

- Release the building assessments for each school facility.
- Make public its demographic predictions for enrollment growth.

- Share more detail about what is planned for each school and how much it will cost.
- Publish a list of estimated costs for each type of project.
- Detail why certain projects were dropped from the CIP and why others were delayed.
- Release to the public a user-friendly explanation of where CPS stands in terms of raising the money it needs to complete the capital program.

State and Federal Funding:

Our elected officials outside of Chicago need to participate in the broader debate over school capital funding in the following ways:

- Gov. Ryan and the Illinois General Assembly need to expand and extend Illinois FIRST or a similar school infrastructure program.

- The State of Illinois should act this year on the CPS Pension Funding Proposal.

- Illinois stakeholders should consider capital issues in the overall discussion of fair and adequate school funding.

- President Bush and members of the U.S. Senate and House of Representatives should vote on a school construction bill in the first session of the 107th Congress.

The Good

Turning Around a Neglected System

In the early 1990s, the problem of crumbling and overcrowded schools had become a matter of embarrassment for the City of Chicago. Chicago's major newspapers published several front-page stories on the topic, including one with the ominous title, "Chicago's Schools in Ruins."[1] In neighborhoods with overcrowded schools, concerned parents organized to demand the construction of new schools. During his mayoral campaign, Mayor Richard M. Daley promised to build five new schools in Little Village, a Latino community on the Southwest Side. When the Mayor's promises failed to materialize, parents engaged in a protracted organizing campaign to get these projects going. At one school, mothers held a hunger strike to get CPS to release the funds needed to build their children's new school. Finally, in 1995, construction began on the long-awaited new facilities.

In 1995, the Illinois General Assembly gave Mayor Daley authority to oversee the Chicago Public Schools and to name a Board of "School Reform Trustees." He chose Paul Vallas, then the City's Budget Director, and Gery Chico, Daley's Chief of Staff, to take charge of the Chicago Public Schools. In the Fall of 1995, they announced their intent to create a Capital Improvement Plan (CIP) to fix the crumbling school buildings and relieve overcrowding. Throughout the period from 1996 to 1999, during which CPS began to plan and implement its new CIP, NCBG worked closely with the CPS "Citizens Blue Ribbon Task Force" to insist on public hearings, inclusion of Local School Councils (LSCs) in capital planning, and even recommend the format for the Capital Improvement Program document which was ultimately adopted and is still in place.

Since the Capital Improvement Program began in 1996, CPS has spent $2.3 billion on new construction, renovation, and educational enhancements

Since the Capital Improvement Program began, CPS has made incredible strides with Chicago schools. $2.3 billion worth of projects have been completed. CPS approached its task as a two step process. First, stabilize school facilities by repairing leaky roofs, outdated wiring, crumbling walls, and any other chronic problems. Once that is accomplished, start new construction that will create more classrooms and "educational enhancements" such as science labs and computer facilities. Thus far, CPS continues to follow this strategy. According to the CIP, 411 major capital renovations have been completed at elementary schools and 78 at high schools since 1996. Meanwhile, some new construction has been carried out. About $601 million has gone towards completing 12 new elementary schools, three new high schools, and 53 new additions and annexes.

CPS prioritizes its capital projects by:

1. ***Renovation and other building stability projects***
2. ***New construction such as new schools and additions***
3. ***Educational enhancements***

While its track record to date is very impressive, CPS is now straining to keep up this pace. For FY2001, CPS is focusing most of its energy on new construction, and more specifically, new capacity construction. "New capacity" construction projects are typically new school buildings, annexes, and additions. In light of the current overcrowding crisis in Chicago schools, these types of capital construction projects are extremely important for schools that are bursting at the seams. Over the last five years, CPS has appropriated nearly 40 percent of its capital resources for new capacity construction. For 2001, CPS is devoting 65 percent of its budget to new school construction in an effort to get the job done in elementary and high schools all around the City.

[1] *Chicago Sun-Times, April 14-31, 1991.*

Elementary Schools

First priority: Stabilize School Buildings

As Table 1 indicates, CPS has spent the majority of its capital funds on major capital renovations since 1996. CPS has spent 45 percent of it entire 2001 budget for major capital renovations, for a total of $507 million. The focus on building stabilization preserves existing buildings. Focusing on building stabilization first is a wise strategy on the part of CPS. By making major renovations to existing building's exterior and basic system, CPS's capital program has prevented any further serious deterioration of buildings. Furthermore, CPS cannot begin to expand buildings or install new educational enhancements until a school is ready to safely handle those capital projects.

411
completed Major Capital Renovations
(e.g. roof repairs, plumbing, windows, doors)
$507 million

Table 1. Completed Elementary School Projects

Program Area	Projects Completed	Cost
Major Capital Renovations	411	$506,815,922
Additions	23	$264,410,750
New Schools	12	$198,648,521
Annexes	29	$63,976,528
Modular Units	55	$30,151,882
Sound Proofing	4	$15,565,179
Energy Efficiency	26	$14,102,993
New Play Lot	206	$13,681,669
Small Schools Initiative	3	$9,092,058
Accessibility Improvements	22	$3,028,057
Annex Link	1	$850,000
Public Safety	1	$809,589
New Campus Park	62	$713,262
Totals	**855**	**$1,121,846,410**

65
completed New Classroom Construction Projects
(new schools, additions, annexes)
$528 million

CPS has completed $528 million worth of new permanent classrcom space

After capital renovations, CPS has spent most of its capital funds on new classroom construction (see Table 2). Twelve new elementary schools have been constructed, 23 additions and 29 annexes (plus one annex link). In total, CPS has spent $528 million on permanent new classroom construction. CPS has also used $30 million to construct 55 modular unit classrooms . Modular units are portable, nonpermanent classroom facilities. Unlike other large public school systems around the nation that have struggled to spend their capital funds expeditiously, CPS has demonstrated that it can build new schools and classroom space in a timely manner. If CPS can keep up this pace, the future looks good for schools promised new additions and neighborhoods promised new schools.

Table 2. Completed Elementary School New Capacity Construction

	Completed Projects	Cost
New Schools	12	$198.6 million
Additions	23	$264.4 million
Annexes	29	$64 million

CPS has laid out ambitious plans for future new capacity construction

With 49 new schools and 48 new additions planned, CPS clearly recognizes the need for more elementary schools and classroom space. ***Right now, one in every three Chicago elementary schools is overcrowded.*** Enrollment will not drop off anytime soon, which leaves CPS in a severe time crunch to build enough schools and classrooms for all students. Besides the time crunch, CPS also faces a fiscal pinch. Currently, $88 million has been budgeted for new capacity construction (see Table 3).

97

New Capacity Projects

After focusing on renovation work for the last five years, CPS is now focusing on new schools and additions for overcrowded elementary schools

Table 3. Planned Elementary School New Capacity Construction

	Number Planned	Amount Currently Budgeted	Number Currently Funded
New Schools	49*	$164 million	34
Additions	48	$85.2 million	14

*21 will be new replacement schools

403 major capital renovations are slated for the next four years

CPS has budgeted $113 million for 403 major capital renovations in 419 buildings over the next five years. Accessibility improvements are another bright spot. After dropping 112 projects over the last few years, CPS added 94 new accessibility improvement projects in 2001. If CPS can make good on these plans, Chicago elementary schools have a lot to look forward to in the near future.

94

Accessibility Improvements added

(after previously dropping 112)

High Schools

Just as with elementary schools, CPS has stuck to its strategy of stabilizing high school facilities before embarking on any other existing capital projects (see Table 4). CPS has spent $91 million completing major capital renovation projects since 1996. Over the same period of time, CPS has also finished many "educational enhancements," including 36 science labs and nine career academies. While not as many new high school classrooms have been constructed as elementary schools, it appears now that CPS is now beginning to make up for that.

78
Major Capital Renovations
$91 million

Table 4. Completed High School Projects, By Program Area

Program Area	Projects Completed	Cost
Major Capital Renovations	78	$90,961,458
New Schools	3	$69,200,000
Science Labs	36	$20,784,171
Energy Efficiency	10	$18,661,683
Transition Centers	3	$17,266,698
Career Academies	9	$17,052,444
Exterior Envelope/Buildings	14	$11,095,332
Student Locker Upgrades	18	$10,338,223
Additions	1	$5,125,170
Infant/Toddler Care Centers	4	$4,720,296
Accessibility Improvements	10	$3,217,976
Swimming Pools	4	$2,369,022
Gymnasiums	9	$1,892,334
Modular Units	4	$1,843,600
Educational Technology	3	$271,170
New Campus Parks	8	-
Totals	214	$274,799,577

CPS has built three first class high schools

CPS has completed three new high schools: Walter Payton Academy, Northside College Prep, and Chicago Military Academy. All three are examples of the kind of first-class facilities every student deserves. These schools have computer and technology resources, modern science labs, and many other educational enhancements. Considering the high school overcrowding picture - over 35 percent are packed above design capacity - Chicago needs many more new high schools like the three CPS has already built.

Table 5. Completed High School New Capacity Construction

	Number Completed	Cost
New Schools	3	$69.2 million
Additions	1	$5.1 million

Big plans for new high school capacity construction

CPS appears to finally recognize the need for new high school classroom construction, and is planning for nine new schools and six new additions (see Table 6). CPS has committed $105.5 million to build five of the nine new planned high schools. However, most of this money will be used for site preparation. Two schools, Teacher's Academy and Simeon (a new buiding to replace an existing one), are already completely funded.

Both Teacher's Academy and Simeon High School cost more than high schools have in the past. For example, the Region 4 Teacher's Academy is estimated to cost $35 million. Perhaps higher budget schools like the Teacher's Academy indicate a move towards focusing on "bigger ticket" items for new high schools. This may include state-of-the-art computer technology and better construction materials.

Table 5. Completed High School New Capacity Construction

	Number Completed	Cost
New Schools	3	$69.2 million
Additions	1	$5.1 million

CPS is planning six new high school additions

While CPS has built only one high school addition over the last five years, six are scheduled to be completed in by 2005 (see Table 6). Five of the six are currently funded. These projects, if completed on time, will help some of our pubic schools cope with today's large elementary school population when they enter high school four and five years down the road.

Table 6. Planned High School New Capacity Construction

	Number Planned	Amount Currently Budgeted	Number Currently Funded
New Schools	9*	$78 million	5
Additions	6	$99.5 million	5

*Four new schools will be replacement schools

Nearly half of Chicago high schools have received new science labs

CPS has paid special attention to modernizing high school science labs. Its completed 36 new science labs in school throughout all six regions. ***This means almost half of all Chicago high schools received a new science lab in the last five years.*** CPS has made great strides upgrading science equipment, and although only nine are currently planned for the future, hopefully CPS can aim towards making sure all high schools will soon have modernized science labs.

Alternative Funding Sources

CPS should be commended for aggressively seeking out alternative new capital construction funds. While the majority of CPS's capital funding money CPS gets to work with comes directly from municipal taxes, CPS has also managed to tap into several fruitful local, state, and federal sources.

Illinois FIRST dollars pours in $203 million

Since the Illinois FIRST program began in May 1999, CPS has received three grants from the State's Capital Development Board totaling $203 million. The Capital Development Board also awarded CPS with $70.4 million in 1998 before the Illinois FIRST program began. All in all, that is $273 million from the State in just two years.

Unfortunately, the FY2001 Capital Improvement Plan makes no mention of how these Illinois FIRST dollars are being spent. However, the State of Illinois does offer a list of Illinois FIRST projects on its website, http://www.state.il.us/state/ilfirst/.htm. The State details 139 projects at Chicago public schools. Most are technology upgrades, while there are also a handful of projects in other areas such as after-school educational programs. The 139 projects add up to $2.38 million dollars, which leaves almost $200 million unaccounted for (for more details on Illinois FIRST, see page 25).

Teacher's Pension Fund

If the State of Illinois increases its contribution to the Chicago Teacher's Pension fund, the Neighborhood Capital Budget Group estimates that Chicago schools could see another $244 million in the next 11 years. With this money, CPS could re-allocate the $244 million it had planned to use of pensions to capital projects. CPS, in fact, claims it will be able to use the future revenue stream created by the revised pension fund arrangement to bond around $1 billion. Right now, Chicago funds 91 percent of its Pension Fund. The State of Illinois only chips in 9 percent, although by law, the State should be paying 20 to 30 percent. CPS is pushing two bills in Springfield, Senate Bills 137 and 138, that would compel the State to increase its contribution to the Chicago Teacher's Pension Fund. The State fully funds teacher pensions everywhere beside Chicago in Illinois. For more details on the proposal, see Appendix C.

Federal QZABs Fund Two New Schools

CPS has also tapped into federal "Qualified Zone Academy Bonds" (QZABs) to fund capital projects. In fact, CPS was the first school district to receive QZAB money when the program began two years ago. QZABs work by awarding federal tax credits to bond purchasers instead of paying interest. This of course frees up a lot of money for districts to use on construction because they do not have to worry about paying interest on their bond. In this year's CIP, one project is listed as QZAB funded: an $8 million major capital renovation at Lindblom High School. According to CPS, it expects $12 million of QZAB funds in FY2001. CPS also makes note of the new $8 million Hurley/Pasteur Area Elementary School "Pending State/Federal Funding." One can assume this project is awaiting either Illinois FIRST or QZAB funding to come through.

Chicago TIFs Could Bring Schools up to $97 million

CPS CEO Paul Vallas has been aggressively pursing Tax Increment Financing funds than almost any other local taxing body, though it remains to be seen if they will ultimately be successful. In FY2001, CPS hopes to reap $97 million from TIFs around the City. CPS can use TIF money only if the school receiving the funding is located in or next to TIF district. Each TIF district is unique according to size and neighborhood, they take different lengths of time to accumulate enough tax increment money to start funding local projects. With that in mind, TIF-funded school projects are vulnerable to delays. For the time being, CPS has planned 15 TIF-funded major capital renovations in elementary schools. Two high school projects, the new Teacher's Academy and an addition at Jones Magnet, are also slated for TIF funding. It remains to be seen if those dollars will actually materialize. All told, CPS has budgeted for $57.5 million for TIF funded projects.

The Central Loop TIF offers CPS another route towards increased capital funding TIF money as well. CPS is looking to bond against future revenue that it will receive when the Central Loop TIF expires in 2008. If the plan works, CPS expects to bond up around $170 million well before the district's 2008 expiration date.

The Bad

CPS Hasn't Always Lived Up to Lofty Promises

There is no doubt that Chicago's public schools are faced with solving with a daunting task with limited resources. Scarce resources always lead to worthwhile projects being delayed or not receiving funding. Hard choices have to be made. ***In this atmosphere, however, it becomes more important – not less – to have an open and straightforward public decision-making process.*** Good information about what money is available, when projects are scheduled to be completed, and how much they will cost is essential when it comes to setting priorities for how to spend limited public dollars. If there is not a clear, understandable plan in place from the start, it's all too likely that crucial projects will be pushed back until there really *is* no more money available. Continued support of the CPS capital construction program maybe compromised if CPS does not make its priorities clear and persuasive.

CPS' *Capital Improvement Program* started out on a highly promising note. Well-funded and with the full backing of Mayor Daley, CPS agreed to publish an annual capital budget, convene a "blue ribbon" citizens task force to give input into the process, and hold annual public hearings. But as money has begun to get tight, more groups have organized on the issue, and more information has come to light about overcrowding and other persistent capital needs, CPS has retreated. The latest CIP – which was reluctantly released to the public only after a long delay, and with very little publicity – exemplifies many of the problems the public faces in trying to understand how CPS is spending its capital improvement dollars.

The latest CIP...exemplifies many of the problems the public faces in trying to understand how CPS is spending its capital improvement dollars.

How Much Does the Capital Improvement Program Really Tell Us?

The current design of the Chicago Public Schools *Capital Improvement Program* certainly has its virtues. Unlike the City's capital budget, it is unintimidating and easy to read. Each school has its own entry which clearly portrays the history of capital improvements at a school since 1996, including completed projects, and those planned for the future. Still, there is a lot of important information missing from the CPS CIP that makes it difficult to judge exactly what CPS is promising for a particular school, and in many cases, exactly what has already been done.

The following sample CIP entry demonstrates many of the problems with the existing document:

Year	Type	Estimated Budget
1997	MCR-Major Capital Renovation – Roof, Window	$1,000,000
1998	NPL-New Playlot	$67,000
2000	❶MCR-Major Capital Renovation	$1,250,000
❷2000	Accessibility Upgrades	$500,000
❶2002-2005	NSC-New School	❶TBD

Underlined projects are completed.

❶What is the Scope of Work for Major Capital Renovations? These large-scale repair projects make up the second largest category of improvements listed in the 2001-2005 CIP, but they also encompass a wide range

of projects. Major Capital Renovations could include roofs or floors, windows or doors, exterior repairs, plumbing improvements, security upgrades, repairs to mechanical and heating systems, electrical work, or a number of other miscellaneous site improvements. Past CIP books were somewhat more explicit about what specific capital renovations were planned or completed at a school, but the 2001-2005 document only lists "Major Capital Renovations" without any details. Why is this a problem? A parent, teacher, or administrator only knows that some work is planned for the future, but doesn't know exactly what will be fixed. What about those leaky pipes that are causing the ceiling to sag on the first floor? What about the boiler that always seems to break down on the coldest days, or the drafty windows in the first grade classrooms? From the CIP, it's impossible to know.

❷ When Is the Work Really Going to Be Done?

The CIP lists projects by fiscal year, not according to the dates when construction is supposed to start or end. This is especially confusing when reading the CIP for fiscal years 2001-2005. In this edition of the CIP, there are many projects slated for construction in 2000 – the year prior to the period covered by the CIP. Are these projects behind schedule? Will they continue to be delayed? Looking into the future, the lack of specific dates can cause even more problems. *CPS's refusal to commit in writing to a specific timetable seems to cast doubt on its commitment to do specific projects at specific times.* The effect of this "wiggle room" borne out in the history of delays that have already cropped up in the CIP (see The Bad, page 14).

CPS's refusal to commit in writing to a specific timetable seems to cast doubt on its commitment to do specific projects at specific times.

❸ Has CPS Really Thought Through Its Five-Year Construction Plan?

Though this was not generally true of earlier CIP books, the 2001-2005 CIP document can be described as a one-year plan followed by a four-year wish list. A total of 518 of 1,187 planned projects (44 percent) are scheduled for the general time period of 2002-2005, without disclosing any other information about when the project may be started. In fact, there are no projects that are slated specifically for 2002, 2003, or 2004 – CPS now lumps all projects not scheduled to begin in Year One of the plan into this generic "outyears" category. This practice is not hardly helpful for a school that wants to know how soon CPS will be addressed, and calls into doubt whether CPS even knows where it is going after 2001.

❹ How much will individual planned projects cost?

A total of 841 out of 1,092 planned projects (77 percent) have their funding listed as "To Be Determined" – a sign that CPS either doesn't want to tell people how much they are really budgeting for their school in the long run, what the scope of the work needs to be, or how much certain types of improvements and repairs really cost. Like the lack of a construction schedule, the failure to include estimated project costs for future projects calls into question both CPS' commitment to actually fund a given project *and* its willingness to fully disclose the scope of the work it anticipates.

77%
of planned projects
have their funding listed as
"to be determined"

What Is the Real Condition of Our School Buildings?

NCBG has been able to analyze how overcrowded Chicago schools are using CPS's design capacity figures, but assessing physical condition and other facilities needs has proven much more difficult. CPS has been unwilling to release the building assessments it conducted to the general public, meaning that parents don't have a clear understanding of all the safety and repair concerns in their child's school.

Without having access to a systematic evaluation of the building, certain "behind-the-scenes" problems may go undetected to those at the facility, and it is impossible for the school community to know how far CPS has to go to finish the job.

Central to this assessment process has been a group of private companies known as Public School Architect & Engineers, or "PSA&E." This consortium of six architectural and engineering firms[2] conducted school-by-school assessments that have been a guiding force in CPS's decision to move ahead with (or delay) certain projects. For its efforts, PSA&E has been paid $22.75 million in fees.[3] Despite the importance of these assessments – which evaluate everything from the roof to the plumbing – CPS has not released them to the public, or even to most principals or LSC members. Without having access to a systematic evaluation of the building, certain "behind-the-scenes" problems may go undetected to those at the facility, and it is impossible for the school community to know how far CPS has to go to finish the job.

How Much Will It Cost To Finish Fixing Chicago's Schools?

The problems with the way CPS presents its *Capital Improvement Program* to the public are not just a matter of academic debate. They reflect deeper issues about how we are planning for the needs of our children. "Based on the most recent demographic projections, space utilization reports, public hearings and building assessment, the FY 2001-2005 CIP identifies $2.5 billion in unfunded need," CPS writes. But is it possible to track exactly what these needs are through the current CIP document?

In short, no. The way CPS has drafted the current CIP has two major problems that make it impossible to know exactly what CPS views as its remaining capital needs:

- **There is no clear explanation of what needs to be done.** What will that Major Capital Renovation project really include? Will there have to be another project down the road to finish the job? How many windows will be replaced? How many classrooms will have their floors or ceilings fixed? What projects do the building assessments commissioned by CPS recognize as top priorities? Which projects are left out? Which schools are in greatest need of attention?
- **There are no written estimates of the cost of each type of project.** Even if the public knew exactly what was going to be done, there would be no way to accurately translate that knowledge into a dollar figure. The City of Chicago, as part of its annual Capital Improvement Program hearings on basic infrastructure (streets, sidewalks, sewers, etc.), distributes a "typical cost" sheet that is helpful for understanding the true costs of addressing priority projects. CPS should do the same thing for major

[2] The firms are: Harry Weese & Associates, O'Donnell Wicklund Pigozzi and Peterson, Rubinos & Mesina, Environmental Systems Design, Inc., The Architect's Enterprise, and Bauer & Lotoza Studio

[3] The first contract, originally approved in May 1996, paid PSA&E $17.5 million for its services. The second contract, approved in June 1999, paid the company another $4.5 million. That contract was due to expire on February 29, 2000. The third contract, approved on March 22, 2000, will pay PSA&E another $750,000 and extended through May 31, 2000.

As an experiment, NCBG looked at how much, on average,[1] each type of project has cost in the past. For example, we averaged all the completed Major Capital Renovation projects in high schools and found that the typical project was about $1.7 million. Of course, this is a very rough estimate, and says nothing at all about what it costs to replace a floor or put in a new heating system. Still, it does show something about the scope of the work that has been done.

The average capital renovation scheduled between now and 2005 is likely to be much larger than those done during the first four years of the program.

We then attempted to use these figures to see how much it would cost to fully fund all the projects currently listed as "unfunded" in the CIP. By this method, we arrived at an estimate of $1.61 billion – far less than the $2.5 billion that CPS says is identified in the CIP. This leads to one clear conclusion: ***the future projects planned in the CIP will be much larger than the ones completed to date.*** In other words, the average capital renovation scheduled between now and 2005 is likely to be much larger than those done during the first four years of the program.

The Need for Greater Public Involvement

Ultimately, fully involving parents, teachers, principals, LSC members, and the community at large will require the restoration and maintenance of a full process for community involvement. To CPS's credit, it has kept annual public hearings every year on the Capital Improvement Program region of the City during the spring. In fact, the 2000 hearings saw record attendance. But on the day-to-day level, there have been setbacks. Schools often feel left in the dark as plans for new construction or repairs are being drawn up, and the changes in the CIP documented in this report almost always come as a surprise to local school community members who are depending upon a particular project being completed. At the citywide level, the "blue ribbon" citizen advisory committee – a group of community and business leaders that met regularly with top CPS officials to provide input on the capital plan – has been effectively disbanded. The end of the blue ribbon committee has cut off a productive source of public information and constructive debate about the future of the capital plan.

It can't be stressed enough that as resources become more scarce, an open and straightforward public process becomes increasingly important.

It can't be stressed enough that as resources become more scarce, an open and straightforward public process becomes increasingly important. Such a process will not only help ensure that the right priorities get funded, but also help build the public-private coalition that will be necessary to ensure that our State and Federal officials commit to doing their part for school capital funding in the long run.

[1] NCBG calculated and compared the average cost of each type of project as well as the median cost. In most instances, these numbers were similar, indicating a fair degree of certainty that our "typical project cost" was fairly representative. To calculate the remaining estimated need, we multiplied the typical per-project cost for a given category by the number of unfunded projects in that category.

High Schools

The problems with the format and structure of the CIP are not just abstract matters. They play out in the real world as dropped and delayed projects, overcrowded schools, and other unmet priorities.

One-third of planned high school projects are unfunded.

It's not enough to simply look at ***what*** has been planned for a given school. Just as important is whether or not CPS has committed to funding the project. Without that level of commitment – especially with resources growing more scarce each year – a planned project is significantly less likely to be completed. Think of a family that ***wants*** to buy a new car, and may even tell friends that they *plan* to buy a new car, but until they save enough money, chances are they're still going to drive that old station wagon.

At first glance, this year's additions to the CPS Capital Improvement Plan make the future look bright for many Chicago schools. But for too many of these projects, the funding source is listed as "To Be Determined (TBD)," indicating that no specific revenues are being set aside. If CPS cannot come up with the money on schedule, the project will be delayed or, still worse, eliminated.

1 in every 4
Major Capital Renovations
is unfunded

As Table 7 indicates, some high school capital construction program areas desperately lack funding. One of the most glaring shortfalls comes in major capital renovations. ***In fact, more than one in every four major renovation projects is currently unfunded.***

New high school construction faces a similar funding shortfall. Just two new high school projects – the replacement of Simeon High School ($40 million), and the new Teachers Academy ($35 million) – are funded. There are seven additional new high school projects listed in the CIP, but only $3 million has been allocated for those projects (all of it for site preparation and land acquisition). For more information on new high school construction, please see the section on high school overcrowding below.

only
$78 million
is allocated for
9
new high schools

It will cost CPS at least $311 million to meet all its remaining high school capital needs.

How much will it cost to cover all of CPS planned projects that don't have a budget? To try to answer that question, NCBG calculated the average cost of high school projects for each program area listed in the CIP. This is only a very rough estimate, since the scope of projects varies from location to location, and factors such as differing land prices from neighborhood to neighborhood may make new construction much more expensive in certain neighborhoods. Still, it allows us to create a rough estimate of the funding needed to pay for all the projects CPS currently has planned.

Overall, CPS needs about $311.3 million to complete all the projects it currently has listed in the CIP according to this method of estimating costs. It is likely that there are more projects that have yet to be identified in the CIP, particularly since so few new high schools are listed in the current capital plan and it appears that future projects will be larger than those completed in the past. (*Please see, "How Much Will It Cost To Finish Fixing Chicago's Schools?", page 13*). This figure is, therefore, a conservative estimate of the actual need for high school capital improvements. Still, the following table can give us some sense of where the remaining unfunded priorities lie.

Table 7 was created in four steps:

❶First, NCBG calculated the average cost of completed projects. We then compared the mean cost to the median (middle figure in the data set) and mode (most frequently occurring figure in data set). If these three figures were similar, it is an indication that the average cost estimate is reliable. These estimates appear in the "Average Cost Per Project" column.

❷Next, we looked at partially funded projects in each project area. The sum total appears in the "Total Budgeted Column"

❸Average cost was multiplied by the number of unfunded projects.

❹The "Total Budgeted Column" was then subtracted from that figure to arrive at "Total Unfunded Need."

Table 7: Unfunded High School Projects in the 2001-2005 CIP

Program Area	Planned, Funded Projects	Total Budgeted (Funded Projects)	# of Unfunded Projects	Average Cost Per Project	Total Unfunded Need
New Schools	2	$78,000,000	7	$37,850,000	$250,450,000[1]
Major Capital Renovations	53	$72,090,000	21	$1,707,372	$35,854,812
Additions	9	$99,500,000	1	$10,462,517	$10,462,517
Infant/Toddler Care Centers	0	$0	7	$1,180,074	$8,260,518
Accessibility Improvements	25	$10,600,000	7	$552,719	$3,869,033
Career Academies	2	$1,200,000	1	$1,363,766	$1,363,766
New Campus Park[1]	0	$0	3	$194,527	$583,581*
Student Locker Upgrade	11	$3,700,000	1	$500,000	$500,000
Gymnasiums	1	$300,000	0	$219,233	$0
Energy Efficiency	2	$6,293,310	0	$2,079,582	$0
Science Labs	9	$6,100,949	0	$523,760	$0
Modular Unit	1	$27,263	0	$366,600	$0
Year 2 Individual Application	0	$0	33	-	$0
Totals:	**130**	**$277,811,522**	**66**		**$311,344,227**

About $57 million of high school projects have disappeared without a trace from the CIP.

If CPS cannot budget for planned projects, those projects are likely to be dropped from the CIP altogether. But just because a project is listed as funded doesn't make it a sure thing. Of the 295 high school capital projects dropped since the 1999-2003 CIP was published, 147 of them (50 percent) were at one point listed as funded. ***Overall, $130.3 million in funded high school projects have been dropped from the CIP.***

Table 8 reveals just how many high school projects CPS has eliminated. The urgent cuts are in accessibility improvements, energy efficiency upgrades, and major capital renovations. Many education technology projects were dropped too, although it is unclear if these projects were dropped or not reported as completed. According to the 2001 CIP, CPS has not completed a single education technology project. While it's that maybe true, it seems more likely that CPS is not reporting these projects (see the elementary schools section for more on education technology projects).

One-third of Chicago high schools are overcrowded

It's bad enough when CPS takes away projects from needy schools. It can be even worse when an overcrowded school is looking forward to new capacity construction only to have the project eliminated. This scenario plays out time and time again for Chicago's most overcrowded high schools.

Table 8: Dropped High School Projects

Program Area	# of Dropped Projects	# That Were Previously Funded	Dollars Cut
Energy Efficiency	63	27	$28,700,000
Major Capital Renovation	25	9	$12,745,190
Student Locker Upgrade	12	11	$7,118,000
Educational Technology*	90	90	$3,779,482
Accessibility Improvements	26	24	$2,535,737
Career Academies	3	1	$1,064,538
Science Labs	5	2	$500,000
Additions	3	1	$385,000
Gymnasiums	2	1	$200,000
Public Safety	1	1	$145,000
Land Acquisition	1	1	$0
Total	**231**	**168**	**$57,172,947**

*For this study, only Education Technology improvements that CPS once funded are counted as "dropped."

Overcrowding has been a persistent problem in Chicago high schools for decades, and that problem persists to this day. Citywide, 36 percent of all high schools are overcrowded (defined by CPS as greater than 80 percent of the design capacity). Of those schools, 18 are operating at over 100 percent of their design capacity. These schools are considered severely overcrowded. This means that 50,000 students – more than half – attending overcrowded high schools.

More than half of all Chicago high school students attend overcrowded schools.

The problem isn't going away any time soon. Elementary school overcrowding remains severe (see below), and many of those students will be entering Chicago high schools in the coming years. CPS simply cannot wait out the high school overcrowding problem.

Not enough is being done to alleviate high school overcrowding.

While there has been substantial new construction in elementary schools, building new high school classroom space has not been a priority for CPS so far. There have been no high school additions constructed since the CIP was established, nor have there been any new neighborhood high schools constructed. There have been three high-profile high school projects constructed: Northside College Prep, Walter Payton High School on the Near North Side, and the renovation of a former armory into Chicago Military Academy in Bronzeville. ***Northside Prep and Payton are state-of-the-art magnet-school facilities that may serve as models for other Chicago high schools, but they do nothing to solve the problems at Chicago's most overcrowded facilities.***

In fact, these specialty school projects have jumped to the front of the line while existing neighborhood high schools continue to wait for desperately needed capacity additions. ***In fact, only three of Chicago's 10 most overcrowded high schools have any new classroom space planned.*** None of these projects are fully funded.

Table 9: Ten Most Overcrowded High Schools

High School Name	Percent Capacity	Years Overcrowded (Since 1988)	Additions Planned or Funded?
Kelly	170%	12	Addition planned ($20 million funded)
Mather	136%	12	No
Amundson	128%	12	No
Kelvyn Park	123%	12	Area Teacher's Academy Planned ($10 million dedicated for site prep)
Kennedy	121%	12	No
Gage Park	120%	12	Addition planned (no funding)
Von Steuben	113%	12	No
Foreman	110%	12	No
Roosevelt	109%	12	No
Hubbard	107%	11	No

Even if CPS can complete all their planned building expansion projects, they will only make a small dent in high school overcrowding. ***Overall, only six high schools are slated for additions***, and nine new high schools are planned. Five of the six additions are funded and listed with 2001 completion dates. There are some odd priorities in this list, however. The brand-new Chicago Military Academy, operating at just 24 percent of its capacity, is already slated for an addition. Jones High School, which is in the process of converting from a career academy to a college-prep school in the rapidly gentrifying South Loop, is also slated for an addition despite the fact that it is less than half full. Increasingly, concerned parents and community organizations are questioning CPS's priorities when it comes to high school overcrowding.

Table 10: Planned High School Additions

High School Name	Community Area	Complete By	Budget	% Capacity
Kelly	Brighton Park	2001	$20,000,000	170%
Gage Park	Gage Park	2005	$0	119%
Juarez	Lower West Side	2001	$15,500,000	92%
Southside College Prep	Roseland	2001	$20,000,000	43%
Jones	Loop	2001	$19,000,000	41%
Chicago Military	Douglas (Bronzeville)	2001	$11,000,000	24%
Total:			$85,500,000	

While high school additions appear to finally be receiving the priority that they deserve, new high school projects are lagging far behind. ***Just nine new high schools are planned by 2005.*** Four will be replacement buildings for will be replacement buildings for existing schools that are beyond repair and facilities intended to help alleviate overcrowding. Only two of these facilities are fully funded, while three more are funded for land acquisition or site preparation.

Table 11: Planned New High Schools

High School	Community Area	Complete By	Project Type	$ Funded
Back of the Yards	TBD	2005	New Area School	$0
Hancock	Ashburn	2005	Replacement School	$0
Kelvyn Park	Hermosa	2005	New Area School	$10,000,000
Region 4 High School	TBD	2005	New Area School	$1,500,000
Region 5 High School	TBD	2005	New Area School	$0
Simeon	Chatham	2001	Replacement School	$40,000,000
Teachers Academy	Near South Side	2001	New Citywide School	$38,000,000
Tesla	Woodlawn	2005	Replacement School	$0
Westinghouse	Humboldt Park	2005	Replacement School	$3,000,000
Total:				**$92,500,000**

Elementary Schools

Three-quarters of elementary school projects are unfunded

Just as with high schools, a significant proportion of planned elementary school projects are unfunded. In fact, more than three-quarters (77.6 percent) of all 2001 planned projects lack funding, the majority of which are additions, new schools and major capital renovations (see Table 12). For just those three program areas, CPS must budget at least $1.25 billion, according to NCBG's method of estimating costs based on past project cost. Again, this estimate is likely to be a conservative estimate.

Table 12: Planned and Unfunded Elementary School Capital Projects

Program Area	Planned, Funded Projects	Total Budgeted (Funded Projects)	# of Unfunded Projects	Average Cost Per Project	Total Unfunded Need
New Schools	9	$164,000,000	40	$16,591,543	$625,161,720[5]
Major Capital Renovation	80	$112,699,433	323	$1,464,786	$473,125,878
Additions	14	$85,200,000	34	$4,440,833	$150,988,322
Accessibility Improvements	62	$36,700,000	79	$469,012	$37,051,948
Small Schools Initiative	0	$0	2	$3,030,686	$6,061,372
Soundproofing	3	$14,500,000	1	$3,758,147	$3,758,147
Energy Efficiency	7	$2,220,000	3	$544,099	$1,632,297
New Campus Park	15	-	9	$142,652	$1,283,868[6]
Health Center	2	$800,000	0	$400,000	$0
Annex Link	4	$1,500,000	0	$2,206,087	$0
Modular Unit	4	1,700,000	0	$558,805	$0
Gymnasiums	0	$0	1	-	-
Swimming Pools	0	$0	1	-	-
Science Labs	0	$0	1	-	-
Year 2 Individual Application	0	$0	202	-	-
Totals:	**200**	**$419,319,433**	**696**		**$1,299,063,552**

$172 million worth of elementary school projects have disappeared from the CIP.

Over 850 elementary school projects – both funded and unfunded – have disappeared from the CIP since the 1999-2003 capital plan was released. Of the 885 dropped elementary school projects, half (444) were previously listed as "funded." Overall, $171.9 million worth of elementary school projects have been dropped from the CIP (see Table 13).

[5] This is the result of multiplying the average cost by the number of unfunded school projects, minus $38.5 million budgeted for land acquisition and other preliminary costs at six schools.

[6] New campus parks are usually joint funded by the Chicago Park District. If any of the 26 planned projects are completed with the help of the Park District , the estimated completion cost s will be proportionally smaller.

To CPS' credit, it has added 94 accessibility improvements in 2001 after having eliminated 112 the year before. Yet many other projects have fallen by the wayside. CPS cut 10 badly needed annexes and three additions at overcrowded elementary schools. Nine new schools were dropped as well. As noted in the section on high schools, CPS appears to have dropped a large number of education technology projects -- 979 of these projects disappeared from the 2001-2005 CIP. CPS has not explained what happened to these projects. If these projects were funded with Illinois FIRST dollars, for example, they would not be reported in the CIP, but no Illinois FIRST projects are mentioned (please see "What Happened to Technology, page 21)

Table 13: Dropped Elementary School Projects

Program Area	# of Dropped Projects	# That Were Previously Funded	Dollars Cut
New School	9	4	$66,700,000
Energy Efficiency	453	132	$44,525,977
Major Capital Renovations	104	22	$33,966,444
Additions	3	2	$10,800,000
Accessibility Improvements	112	107	$10,610,000
Modular Unit	13	10	$1,918,500
Educational Technology	156	156	$1,076,902
Land Acquisition	3	3	$850,000
Small School Initiative	2	2	$700,000
New Campus Park	5	3	$600,000
New Playlot	3	3	$130,000
Annex Link	11	0	$0
Annexes	10	0	$0
Conversion	1	0	$0
Totals:	**885**	**444**	**$171,877,823**

Overcrowding remains a persistent problem in Chicago elementary schools

More than one-third of all students attend overcrowded elementary schools in Chicago even after the substantial investment (CPS has made in building new grade school classrooms). Currently, there are 149 overcrowded elementary schools (32 percent of all Chicago elementary schools). Of these facilities, 46 are severely overcrowded, meaning that their enrollments top 100 percent of its design capacity. (CPS considers a school overcrowded when it surpasses 80 percent of its capacity). Viewed another way, approximately 126,288 children attend overcrowded elementary schools – 38 percent of all children in the primary grades.

38%
of all children attend
overcrowded
elementary schools

New classrooms are filling up as fast as they are built

CPS plans to meet the overcrowding challenge by building 49 new additions and 52 new elementary schools. Yet even if these projects are completed, it does not necessary mean overcrowding will disappear. In many high-population-growth areas, schools fill up soon after receiving a new school or addition. Of the 55 elementary school additions and six new schools (not including replacement schools) that have been completed since 1996, ***33 (54 percent) are already overcrowded again.***

Many schools still haven't had their capacity needs addressed

Some schools are not even lucky enough to worry about their new additions filling up because they haven't received any new capacity construction in years. ***Overall, 75 of the 149 overcrowded elementary schools (50 percent) have no planned capacity additions.***

Table 14: Ten Most Overcrowded Elementary Schools with No Planned Additions

Elementary School	Percent Capacity	Years Overcrowded
Cooper	150%	12
Woodlawn	125%	2
Burroughs	119%	11
Nobel	112%	12
Chavez	111%	5
Lavizzo	105%	12
De Diego	104%	12
Byford	101%	12
Columbus	101%	12
Sawyer	99.9%	9

What Happened to Technology?

Beyond the basic issues facing school facilities – health, safety, smaller class sizes, adequate space for learning – access to technology is one of the key elements of a 21st Century education. Just having computers isn't enough. Networking them to one another and to the outside world, and ensuring that the building has adequate electrical systems to handle the load, has to be one of the top priorities of the capital program. In too many schools, computer systems are rendered useless by old, inadequate wiring. Elsewhere, the full benefits of educational technology is limited by the lack of a functioning network.

Looking at the CIP, it is difficult if not impossible to figure out how well CPS is doing in getting its classrooms wired for technology.

But by looking at the CIP, it is difficult if not impossible to figure out how well CPS is doing in getting its classrooms wired for technology. In the 1999-2003 CIP, for example, many schools were slated for "MDF Rooms and Administrative Connections," though the next year many of those projects had been dropped. In comparing the 2000-2004 and 2001-2005 CIPs, NCBG found that 996 elementary school and 154 high school education technology projects had disappeared. Did CPS really turn back so completely on its commitment to wiring Chicago schools? Or, has CPS simply failed to report its progress on this front to the public.

Probably not, though the confusion that those people interested in technology issues have been subjected to verges on the ridiculous. In its search for the time and money to complete these projects, CPS has led parents, teachers, principals and LSC members through a high-tech maze filled with U-turns and dead end streets. Why have so many education technology projects been eliminated? CPS offers no real explanation. But there may be some hints:

- **Illinois FIRST Funds:**

Looking through this year's CIP, one will notice that CPS has done a poor job explaining how it spent over $200 million in Illinois FIRST funds. Fortunately, the State of Illinois provides its own list of Illinois FIRST grants. The State of Illinois details 138 Chicago projects at http://www.state.il.us/state/ilfirst/.htm. The majority of these are smaller, technology-related projects: purchasing 20 new computers, adding new software, etc. There is the possibility that these Illinois FIRST projects are some of the Education Technology projects that are missing from the 2001 CIP. Yet since there are only 138 Illinois FIRST technology projects and over 1000 missing Education Technology projects missing from the CIP, it seems more likely that this is, at best, just a small part of the explanation.

- **Year Two Individual Applications and the Federal E-Rate Program:**

The Federal E-Rate Program provides the best possible answer. This federal program provides discounts to connect schools and libraries to the internet. Telecommunications carriers pay into a universal service fund, which is then used to help schools based on their discount rate (the percentage of students eligible for the National Free Lunch Program). CPS' discount rate is 87 percent. In FY2000, CPS used this discount rate to install administrative Local Area Networks (LAN) for every Chicago school.

CPS has used money from the federal E-Rate program to set up computer networks in many schools, though many others have to wait until year two of the program.

CPS describes Education Technology projects as "bringing technology to the classroom with the installation of Wide Area Network and Local Area Network." The Education Technology projects listed in last year's CIP were all WAN and LAN related, and therefore, most likely covered by the E-Rate. It is doubtful then that the "missing projects" were all unfunded and dropped. CPS reports that it received and spent $55 million dollars for the E-Rate program last year. However, the 2001-2005 CIP does not tell the public which schools benefited from the program.

In 2001 CIP, CPS list many "Year 2 Application" projects in the CIP. "Year 2" refers to the second year of the E-Rate program. These are not actual education technology capital projects, but instead a promise to assist school with the E-Rate application process. The large number of Year 2 Applications appearing in this year's CIP (256) illustrates how important it is to CPS to make sure it gets Federal technology funding. Schools have until June 30, 2001 to complete E-Rate applications. If applications are not sent in on time, CPS loses its chance to get funding in FY2001. While the E-Rate Program may explain what happened to these Education Technology projects, it does not excuse making the trail so hard to follow.

Conclusion: Going Beyond Just Bricks and Mortar

Of course, making repairs, building classrooms, and wiring schools for computers are not the only issues facing our school facilities. The Capital Improvement Program must touch on a wide range of other issues that directly affect the quality of children's education. As parents and other school leaders consider their own assessments of capital needs, they should evaluate the adequacy of other parts of their facilities as well, such as:

- Are science labs modern and fully functional? Is there enough lab space for children?
- Is there an auditorium, multi-purpose room, or other space for visual and performing arts?
- Is the building accessible to children with physical disabilities?
- Are the gym and playground facilities safe and adequate?
- Is there a cafeteria, or do children have to eat in their classrooms?
- Is there adequate space for teacher preparation, meetings, and parent/teacher conferences?
- Have rooms such as the library, hall space, or storage rooms been converted into classrooms to make room for all the students?
- Are there quality facilities for vocational training in schools for which that is a focus?
- Are there other specialized facilities that are in need of improvements, or should be established, at the school (such as a health clinic, career academy, etc.)?
- Is there flexible classroom space that accommodates a variety of teaching methods?
- Are there ways that a school building could be used on nights and weekends as a space for activities for other segments of the community?
- What other design or layout issues should be addressed to make the school the best place possible for children to learn?

In its rush to deal with major and expensive issues such as basic repairs and overcrowding, CPS has lumped together as "educational enhancements" and given them a lower priority. There's no doubt that there are tough calls to be made as many repairs remain undone and enrollment continues to grow at many schools, but these issues cannot be allowed to fall off the radar screen entirely. How can CPS continue fixing the big-ticket problems in its schools and still pay adequate attention to these other issues? Where will the money come from? That's the next challenge facing the Chicago Public Schools, concerned parents, and community stakeholders.

The Ugly:

School Capital Funding Faces An Uncertain Future

As already noted, CPS has identified $2.5 billion in unfunded capital needs. It has already taken advantage of most of the money that the State of Illinois and the Federal Government have committed to the school construction issue. It has already performed financial impressive and commendable acrobatics on the local level to maximize its bonding capacity and refinance existing debt. It's even trying to tap into the City of Chicago's Tax Increment Financing program. CPS has established a capital improvement program and, unlike cities such as Detroit, spent the money on constructing projects in a timely manner. But now money is getting tight. The U.S. Dept. of Education – which under the Clinton Administration was a strong backer of federal school construction legislation – now has a new and decidedly less supportive agenda on the issue of capital funding. The Illinois FIRST program is already starting to run out of funds, and it remains murky at best whether it will be extended or renewed. So where should CPS look in the coming years to avoid the ugly possibility of a capital improvement campaign that has ground to halt?

Illinois FIRST: What Next?

Total State School Construction Funds Since 1997

1997 School Construction Grant Program	$1.2 billion
Illinois FIRST (1999)	$1.1 billion
2000 Illinois FIRST expansion	$153 million
Total	**$2.453 billion**

Illinois has long lagged behind other states when it comes to funding school repair and construction. In fact, until 1997 there was virtually no State funding for school's capital needs. In that year, the State allocated $1.2 billion for school capital grants, a figure it nearly doubled in May 1999 when Gov. George Ryan signed the Illinois FIRST infrastructure program into law. In addition to funds for roads, public transit, and general infrastructure improvements, Illinois FIRST allocated $1.1 billion for school facility projects. Then in July 2000, Gov. Ryan increased the figure by another $153 million.

According to the National Education Association, Illinois needs $9.2 billion in investment to meet its school capital needs. The need is so great that the House Majority and Minority leaders both introduced funding proposals in the 2001 spring session. Thus far, Speaker Madigan's HB3521 is the only bill that has moved. The bill, later picked up by Charles Morrow (D) as chief sponsor, passed to the Senate on April 5 with 11 Democratic sponsors. After the bill's first reading in the Senate on April 17, it was picked up by Majority Senate Leader Stanley Weaver (R). This legislation proposes an additional $500 million be made available to Illinois' Capital Development Board's School Construction Program until 2003, thereby increasing Chicago's capital funds by $100 million. Currently H.B. 3521 remains in the Senate Rules Committee, which is chaired by Weaver. No movement is expected until the end of session around mid-May 2001. In addition to the above legislation, Illinois General Assembly House Minority Leader Lee Daniels (R) also introduced H.B. 18, which would have increased the State funds by $1 billion and extended the schools portion of the program for two more years, until 2005. As with the original Illinois FIRST program, both bills would generate new funds by amending the General Obligation Bond Act to increase the amount of bonds the Sate can issue. Given that there has been bi-partisan support for appropriating increased school construction funding, there may be some hope a school construction bill will pass this session.

But even if either legislation passes, this would only scratch the surface. Like many other states, Illinois is currently in the midst of a bigger debate about the overall adequacy of school funding on both the operating and capital sides. The State school aid formula currently guarantees that each district will receive a per-pupil

"foundation level" of $4,425. In other words, State funds are used to make up the difference between the amount that can be provided through local property tax revenues and a minimum level of funding per student. The Educational Funding Advisory Board, appointed by Gov. Ryan, recently recommended increasing the foundation level by $135 per student for fiscal year 2002. But many groups that are following the funding debate think that number is far too low. Network 21, a coalition organized by the Chicago-based Metropolitan Planning Council to work on the education funding issue, argues that the foundation level should be raised to at least $5,200 per student, beginning with an increase to $4,700 for fiscal year 2002 as a "down payment on that goal."

What does this have to do with school construction? As school districts face the need to modernize their facilities, ease overcrowding, and fix crumbling buildings, they find that they must devote a substantial portion of their local revenues to facility problems. ***If a sustained, dependable State infrastructure program existed to ease the burden on individual districts, schools could allocate more dollars to programs that directly improve student achievement.*** By freeing up more local dollars for teacher hiring and training, curriculum enhancements, and other educational improvements, a permanent State strategy to assist local districts meet their capital needs would complement existing efforts to revamp Illinois' school aid formula.

Illinois FIRST is currently slated to expire in 2003, and there are no plans to make any portion of it a permanent part of the State's budget. Even more alarming, the program has been so popular that it risks running out of funds before the expiration date. As of the autumn of 2000, $1.38 billion of the $2.45 billion allocated to the program had been spent – over half the total in less than two years. The extension proposed by Senator Weaver would help in the short term, but Illinois FIRST would still expire in 2003.

More State funds for school construction and repair would free up local funds for other educational needs and complement existing efforts to revamp Illinois' school aid formula.

Gov. George Ryan promised during his 1998 campaign that he would devote 51 percent of all new revenues to education and workforce state development. In his Feb, 21, 2001, budget address, the Governor said that for Fiscal Year 2002, that share translates into $460 million of additional education funding. But the Governor did not address the broader issue of overall reform of the State school aid system, nor did he discuss extending the school component of Illinois FIRST.

Illinois already provides routine annual funding for road improvements. Why not make the same commitment to our schools? Other states have been more aggressive in assisting the efforts of local districts. In Ohio, for example, the State began funding school repairs and construction in 1990, and plans to continue supporting local efforts through 2012. In California, voters have approved $8.8 billion in general obligation bonds at the state level for use in meeting school capital needs. Georgia now allows municipalities to vote on a one-cent increase in the State sales tax which, if approved at the local level, goes to school construction. As of June 1998, 144 of Georgia's 180 school districts have adopted the plan.[7] While debates in many places continue over how much the State government should be involved, the fact remains that many states are ahead of Illinois when it comes to supporting local school construction and repair.

Federal Legislation: A Changing Landscape

The federal government also has a short history when it comes to funding school capital improvements, in part because of fears that federal aid could lead to federal control. While there is some bipartisan support for the idea that the federal government should shoulder a share of the burden of funding school modernization, there are

[7] Linda Jacobson, "Georgia Schools Tap New Source for Construction," *Education Week*, June 3, 1998, 99. 13-14.

fears among some factions of the Republican Party that federal capital funding would come with strings attached. With a new administration in place in the White House, the future federal role becomes even murkier.

The First Federal Efforts

Despite these partisan struggles, the issue of federal dollars for school construction and repair nonetheless began to gain momentum on Capitol Hill. In the mid-1990s, five U.S. Senators began a campaign to raise the profile of the school repair crisis in Congress: Sens. Carol Moseley-Braun (D-IL), Paul Simon (D-IL), Edward Kennedy (D-MA), Paul Wellstone (D-MN), and Claiborne Pell (D-RI). The Senators commissioned the U.S. General Accounting Office to compile a series of seven reports on the condition of America's school facilities released between February 1995 and June 1996 on such topics as deferred maintenance, finance, technology, school design, and accessibility for students with physical disabilities.

The first of these studies – *School Facilities: Condition of America's Schools* – thrust the issue of school construction and modernization into the national spotlight. The report estimated that the U.S. would have to spend approximately $112 billion just on basic repairs to school facilities, in large part because these underlying infrastructure problems had for years been ignored:

> District officials we spoke to attributed the declining physical condition of America's schools primarily to insufficient funds, resulting in decisions to defer maintenance and repair expenditures from year to year. This has a domino effect. Deferred maintenance speeds up the deterioration of buildings, and costs escalate accordingly, further eroding the nation's multibillion dollar investment in school facilities.

The GAO report, which remains widely quoted even today, spurred the first significant federal effort to help solve the school funding problem. Led by Rep. Charles Rangel (D-NY), the ranking Democrat on the House Ways and Means Committee, Congress set out to find a way to use the tax code - rather than a direct grant program - that would be vulnerable to awarding federal tax credits to bond investors instead of school districts. This approach, formally known as "Qualified Zone Academy Bonds" (QZABs), became commonly known as "Rangel Bonds."

Federal "Rangel Bonds" help save school districts money by paying the interest of the bonds and loans required to finance large-scale school construction and repair projects.

Rangel Bonds would allow the federal government to, in effect, pay the interest on school facilities bonds issued by local districts. School districts borrow money for construction costs by selling bonds to private investors. Later, they pay back investors with interest. Rangel Bonds save school districts money because they only have to pay back the amount they borrow, not the interest that they accumulate over time. Think of it like a home mortgage: If someone pays the interest on your mortgage, in the long run you pay less for your house. School districts that can't borrow money on their own can join with other school districts, or have the State borrow money on their behalf, and still take advantage of the program. Provided that the school district find a source from which to borrow the funds, the Rangel Bond program could result in savings of up to 50 percent for local school districts.

During 1998 and 1999, the federal government paid the interest on $800 million worth of these QZABs. In 1999, the program was extended for two more years (through 2001) at $400 million per year. Overall, the program will pay the interest on $1.6 billion in local bonds. The funds were restricted, however, to schools that were located in a federally designated Empowerment Zone or Enterprise Community, or have at least 35 percent of students eligible for free or reduced-cost lunches under the National School Lunch Act. In addition, private businesses must commit to contribute property or services equal to at least 10 percent the value of the bonds. Though it took some time for school districts to learn about the program and devise ways to take advantage of it, Rangel Bonds have since become a valuable, if limited, addition to many school districts' funding strategy.

For a list of how Rangel Bonds have been used to fund school modernization in each state, visit:

http://www.ed.gov/inits/construction/qzab.html

Building Bipartisan Support

The Rangel Bonds were intended as a pilot program to test the idea of these school modernization bonds and ease the federal government into the role of supporting school construction and repair. While they were able to assist with a number of important projects, they were just a drop in the bucket when compared to the national need.

In 2000, The U.S. Dept. of Education and the Clinton Administration assembled a legislative package that expanded on the QZAB idea and added some new elements. The Clinton proposal had three major elements:

- **School Modernization Bonds:** These would work much like the Rangel Bonds, but on a larger scale and without the restrictions on where the school is located. The plan would have paid the interest on $22 billion in school modernization bonds over two years ($11 billion each in 2000 and 2001). Half of the tax credits awarded to investors – representing the interest on $11 billion in bonds – will be available *directly to the 100 school districts that serve the largest number of low-income children*. The other half of the interest payments will be distributed to states, which can then decide how they should be distributed among their public school districts.
- **Expanded "Rangel Bonds:"** The Clinton Administration proposed expanding the Rangel bond program to pay for an additional $2.4 billion in interest on school construction and repair bonds during 2000 and 2001, significantly higher than the $800 million that was subsequently approved.
- **Loans and Grants for Urgent Renovation Projects:** By January 2001, the Clinton Administration had included a new element of the program that would provide $1.3 billion in no-interest federal loans and direct grants for school districts to renovate and make emergency repairs to existing school buildings. The loans and grants would only be available to school districts that are unable to finance repairs on their own. They could not be used for new construction.

Parts of the Clinton proposal were picked up in two pieces of legislation: one by Rep. Rangel (H.R.1660), and another, very similar plan (H.R.1760) by Rep. Nancy Johnson (R-CT). Both proposals – which differed mainly on how the bonding authority was distributed among the States – picked up on the idea of school modernization bonds but eschewed direct grants to school districts.

The school modernization bonds proved to be a convenient way to navigate the sticky politics of the issue in Congress. The way the bonds "pay for" the interest on these bonds is through a creative use of the tax code. Generally, an investor who purchases a school construction bond is paid back with interest when the bond matures. Instead of an interest payment, the investor who buys a school modernization bond *receives a tax credit equal to the interest* he or she would have received on the bond. Why take this approach? There are several reasons:

The bipartisan Rangel-Johnson legislation attracted 230 co-sponsors, including 28 Republicans.

- ✓ **Avoid the Annual Appropriations Process:** If Congress has to go back every year and decide how big a check it needs to write for the program, there is a greater chance that the money will never materialize at all. Funding for programs is always subject to political wrangling, and can easily be held up or eliminated as Congress goes through the agonizing process of balancing the books. By using the tax code, Congress only has to agree once – on what the upper limit of the tax credits will be – and then step back and let the program work.

- ✓ **Forgo Future Revenue Instead of Spending Today's Money:** There are strict spending caps that govern the congressional budget debate. In areas defined as "discretionary" spending (as opposed to entitlement

programs such as Social Security), Congress is often forced to cut one program if it increases spending on another one. This often leads to impossible choices, like funding a new education initiative or a health care improvement. It's much easier for Congress to decide that in the future, it will forgo a certain amount of revenue by giving a tax credit.

✓ **Eliminate Some of the Fear of Federal Control:** Once the system is in place, the federal government will have very little influence over which projects receive funding. It's left to the states to establish a procedure for deciding which districts will benefit from the program, and it is up to individual school districts to decide whether they will apply for the program.

With the differences between the Rangel's approach and Johnson's approach so negligible, the two legislators joined forces and cosponsored a piece of legislation (H.R.4094) that became the leading federal bill on the school modernization issue. H.R.4094 quickly built up an impressive roster of 230 cosponsors, including 28 Republicans. Attention to the school construction crisis received two additional boosts as the U.S. Dept. of Education and the National Education Association worked to update the cost estimates first released by the GAO in 1995. The NEA study pegged the national need at $322 billion,[8] while the report by the National Center for Education Statistics estimated the size of the problem at a more conservative (but still massive) $127 billion.[9]

While the legislation never made it to the House floor, it remained in play as Congress debated an overarching tax cut proposal. Despite the fact that the bill had enough cosponsors to pass with votes to spare, opposition from GOP leadership prevented the Rangel-Johnson legislation from ever getting its day on the House floor.

In the last days of the 106th Congress, the lame duck session did revisited the school construction issue as it hammered out the final budget agreement for 2001. The proposal that eventually passed bore strong similarities both to the urgent renovation grants in the Clinton proposal and a bill introduced in the House by Pennsylvania Republican William Goodling (H.R.4766). Under the Goodling plan, the federal government would devote $1.5 billion for five consecutive years (a total of $7.5 billion) to be distributed among all 50 states according to the number of children living below the poverty line and the state's share of federal Title I dollars. Individual schools would then apply directly to their state government, which could distribute the money as direct grants, loans, or assistance in issuing school repair bonds. The money could not be used for new construction.

While the Republican leadership never allowed the Rangel-Johnson bill to come to a vote, Congress did approve $1.2 billion in direct grants for emergency repairs for U.S. schools as part of the Fiscal Year 2001 budget.

Under the plan, Illinois can expect grants totaling $44.9 million, the seventh largest allocation of all U.S. states.

The final provision, included in the December 21, 2000, Education Appropriations bill, includes $1.2 billion for emergency school repairs (such as leaky roofs, bad plumbing, and outdated electrical systems), as well as funds for special education services and technology-related construction. Under the plan, Illinois is expected to get grants totaling $44.9 million, seventh among all U.S. states.

The Debate Shifts

The current administration's approach to federal aid for school construction can be summed up by two exchanges during the October presidential debates between George W. Bush and Al Gore. When asked about the

[8] National Education Association, *Modernizing Our Schools: What Will It Cost?*, May 1, 2000, p1.
[9] National Center for Education Statistics, U.S. Dept. of Education, *Condition of America's Public Schools Facilities: 1999*, June 2000, p.iv.

difference between the candidates on education at the October 3, 2000 debate, Gore recounts a story about a school in Dade County, Florida, that is so overcrowded that students have to eat lunch in shifts beginning as early as 9:30 a.m. Gore sums up his education policy as, "Modernize our schools, reduce class size, recruit new teachers, give every child a chance to learn with one-on-one time in a . . . high-quality, safe school."

Bush's response skirts the issue of school construction altogether. "First of all, most of this is at the state level. See, here is the mentality. I'm going to make the state do this and the state do that. All I'm saying is if you spend money, show us results and test every year, which you do not do, Mr. Vice President."

In the final debate on October 17, the school construction issue came up again when an audience member, high school teacher Andrew Kosberg, asked the candidates what their plans were to deal with a range of problems affecting schools, including crumbling school buildings and overcrowding.

"I mentioned before that local communities are having a harder time passing bond issues," Gore responded. "Traditionally, if you've been involved in a campaign like that, you know that the parents with kids in the school are the ones that turn out and vote. It's ironic that . . . there is now a smaller percentage of the voters made up of parents with children than ever in American history because of the aging of our population, but at the same time we've got the biggest generation of students in public schools ever. . . . It's not enough to leave it up to the local school districts. They're not able to do it and our future depends on it."

Bush's response dismisses a large federal role in education funding and echoes the GOP concerns that have plagued the Rangel-Johnson bill. "When you total up all of the federal spending [Gore] wants to do, it's the largest increase in federal spending in years. And there's just not going to be enough money," Bush said. "The federal government puts about 6 percent of the money up. They put about, you know, 60 percent of the strings where you have to fill out the paperwork. . . . I [would] worry about federalizing education if I were you."

The National Education Association pegs the remaining national need $322 billion, while the U.S. Dept. of Education estimates the work to be done at $127 billion – both more than the frequently cited 1995 estimate by the General Accounting Office.

The Bush Administration's Plan

Education was President Bush's first major policy initiative once he entered office. Unveiled just three days after his inauguration, the plan stays true to his campaign promises to limit the federal role, promote school choice, and mandate annual testing of students. Among the key aspects of the President's proposal are:

- **Vouchers:** Disadvantaged students in schools who do not meet performance goals for three consecutive years are eligible for $1,500 vouchers that they can use for tutoring or private school tuition.

- **Federal Funding Is Tied To Performance:** Schools are able to get extra funds if they establish annual testing for grades 3 to 8 or improve overall achievement. If a state doesn't meet its performance goals or improve student achievement, it can lose access to some federal money. In addition, states that don't meet certain standards requiring English proficiency for all students may be penalized.

- **Charter States/Districts:** If a district or state submits a five-year plan to the Secretary of Education detailing performance goals that are more rigorous than the national standards, then that state or district may be freed from some other federal requirements.

- **Education Savings Accounts:** Parents can put up to $5,000 per year into tax-free education savings accounts, up from $500.

Not surprisingly, the Bush plan has met with criticism from organizations that oppose vouchers and are skeptical about the expansion of student testing, as well as those who wish to see a greater federal role in funding school modernization. For this last group of people, many questions remain about what will happen to the momentum generated since the U.S. GAO report came out in 1995. Can the bipartisan support that grew around the Rangel-Johnson bill keep the issue alive in the new political landscape? Will the 50/50 split in the Senate provide a new opportunity for the legislation to gain support, or result in deeper gridlock on the issue? If legislation were to make it through Congress, would it automatically be vetoed by President Bush? What strategy should proponents of federal school construction assistance take for the next two years? What will be the impact on our public schools if the conditions in our crumbling and overcrowded schools are not met?

The Next Two Years

There's no question that losing the White House as an ally will make the road a lot steeper for those organizations and school districts who want Congress to pass a federal school modernization bill. Still, broad support still exists for such a plan. Teacher's unions (both the National Education Association and the American Federation of Teachers) along with other trade associations such as the American Institute of Architects, have been strong and vocal advocates of federal school construction legislation. Parents' groups and community organizations have put pressure on elected officials on both the local and national levels. These forces are almost sure to continue over the next two years, and can look to two areas that may give them a foothold:

The Problem Exists in States Regardless of Their Partisan Affiliations: Overcrowded and crumbling schools know no political boundaries. Buildings age and enrollments grow without regard to who holds office in a particular state. To the extent that these problems persist, there will continue to be pressure at the local and national level to use whatever means possible to help school districts meet their capital needs. Politicians of both parties may be compelled to act in their own self interest to find new sources of funding to eliminate overcrowding, modernize schools, and fix long-delayed repairs.

Strong Republican states are just as likely – and in many cases more likely – to have massive unmet repair needs and rapidly growing enrollments. Their need for outside financial help could help move a federal school modernization bill, even in the new political climate in Washington.

In fact, the problems of skyrocketing student populations and crumbling schools are just as prevalent in strongly Republican states as in those controlled by Democrats. NCBG assessed the political climate in each state by looking at who held the Governor's Office, who controlled the State House of Representatives and State Senate, and who comprises the delegation to the U.S. House of Representatives and U.S. Senate. By assigning point values (1 point for Republicans, -1 for Democrats, 0 if the chamber is split or the governor is an independent), we came up with a "partisan index" that estimates the partisan balance in the state. For example, a state with a value of 5 is entirely controlled by Republicans. Similarly, a value of –5 would represent Democrats across the board.

NCBG found that significant pressures still exist in strongly Republican states, both in terms of unmet capital needs and enrollment growth. ***In fact, the average unmet capital need is highest in the nine strong Republican states:***

Category	# of States	Average Unmet Capital Need Per Student[10]
Strong Democrat (-4 or –5)	5	$5,414
Moderate Democrat (-2 or –3)	9	$6,660
Center (-1, 0, 1)	19	$6,994

[10] National Education Association, "Modernizing Our Schools: What Will It Cost?", May 1, 2000, p. 25.

Moderate Republican (2 or 3)	8	$5,118
Strong Republican (4 or 5)	9	$8,095

It is also apparent that enrollment growth in strong and moderate Republican states is brisk. The average projected change in enrollment from 1990 to 2010 is 14.5 percent in strong Republican states, and just over 16 percent in moderate Republican states. Enrollment growth is just as high in strong Democratic states:

Category	# of States	Average Enrollment Growth, 1990-2010 [11]
Strong Democrat (-4 or –5)	5	15.24
Moderate Democrat (-2 or –3)	9	9.8
Center (-1, 0, 1)	19	10.27
Moderate Republican (2 or 3)	8	16.06
Strong Republican (4 or 5)	9	14.5

These issues will have to be addressed at the local, state, or federal levels. As local funds dry up and school districts feel financially squeezed, pressure is likely to grow – regardless of the partisan balance in the State – to find outside sources of money to address the school facility problems the States are facing. If a viable federal alternative is on the table that does not attach undue "strings" to local control of the funds, it is plausible that even strongly Republican states will seize the opportunity.

The Coming Midterm Elections Give New Urgency To the Issue: Historically, the party of the President has typically lost seats in Congress during the midterm election cycle (the congressional election held between the two presidential election years). Prior to the 1998 federal election, the President's party had gained seats in Congress only one time since the Civil War. Since 1938, the party that controls the White House has lost, on average, 44 seats in the House of Representatives at the mid-term election.[12]

Making school construction an issue in the 2002 congressional elections could give a strong push to legislation such as Rangel-Johnson this year.

With the unusual circumstances and narrow margins surrounding the election of President Bush, that pattern doesn't show any signs of changing in 2002. The slim 11-vote margin in the House (where the Republicans control 222 seats and the Democrats 211, with two vacant) will make the 2002 elections that much closer. With the need to reach out across the aisle and the imperative of at least holding on during the hostile midterm season, Republicans will likely be looking for "bridge" issues that cross party lines and are popular among voters back home. School construction could become just that issue. As we documented above, there will continue to be a pressing need to address school facility needs on issues – and limited local resources – in virtually every type of district. Viewed from the ground, bringing federal money back to the district to fix up schools is almost sure to be politically popular – just as when federal money is used for road repairs or other local infrastructure projects. By building on the bipartisan support that already exists in Congress, Republicans may be able to accomplish the twin tasks of reaching out to Democrats and building voter support back home.

By building on the bipartisan support that already exists in Congress for school modernization, Republicans may be able to accomplish the twin tasks of reaching out to Democrats and building voter support back home.

Focusing on the midterm elections – and not the 2004 presidential race – is an important shift in perspective. With the growing length of American elections, many challengers are already gearing up to hit the campaign trail.

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[11] U.S. Dept. of Education, "Growing Pains: The Challenge of Overcrowded Schools is Here to Stay," August 21, 2000, available at http://www.ed.gov/pubs/bbecho00/table2.html" in Table 2 – Enrollment in Public and Private Elementary and Secondary Schools, By Region and State: Fall 1990, 2000, 2005, and 2010.

[12] "Power in the Balance," Time Magazine on-line special report on Election '98, available at http://www/time.com/time/reports/election98/.

Raising the issue of federal role in future school construction legislation early in the race not only could help elect candidates that would support increased federal investment, but it also could inspire the existing Congress to move on legislation such as Rangel-Johnson. One congressman – Illinois Democratic Rep. Rod Blagojevich – has already put a new proposal on the table. Blagojevich's bill (H.R. 771) would provide $133 billion in direct grants over five years for school construction and renovation. The plan would also pay the interest on $46.5 billion worth of school modernization bonds similar to those in the Rangel-Johnson legislation.

But the Blagojevich bill is not the only one that has been introduced during the early days of the 107th Congress. In fact, there are five House bills and one Senate proposal on the table, ranging from direct grants to expansion of the school modernization bond program to a Republican-backed proposal for a $20 billion federal loan program for school modernization and construction. More legislation is almost certain to be put on the table. If the school repair issue becomes a community-wide rallying cry for school reformers and families, and this hot issue on the campaign trail, then some of these bills are likely to pick up momentum, or new compromises suggested, as legislators seek to please their constituents in the days before the 2002 elections.

School Modernization Legislation Introduced in the 107th Congress

Bill Number/Sponsor/Status	Description
H.R. 771 **Federal School Construction Act of 2001** ***Rep. Rod Blagojevich (D-IL)*** ***10 cosponsors (Rep. Joe Baca, D-CA, Rep. David Bonior, D-MI, Rep. Rick Boucher, D-VA, Rep. Julia Carson, D-IN, Rep. John, Conyers, Jr., D-MI, Rep. Susan Davis, D-CA, Rep. Stephanie Tubbs Jones, D-OH, Rep. William Lipinski, D-IL, Rep. Juanita Millender-McDonald, D-CA, Rep. Christopher Smith, R-NJ)*** *Introduced February 28, 2001*	Amends the Elementary and Secondary Education Act to provide $133 billion in direct grants to school districts for school renovation and new construction over five years. Of that total, $42 billion is set aside for new construction, while $91 billion goes to repairs and modernization. In addition, the plan authorizes $1.584 billion for each of the next five years in Qualified School Construction bonds to be issued for new construction, as well as $7.722 billion per year in bonds for renovations. These bonds would be similar to the Qualified Zone Academy Bonds. 40 percent of the bonding authority would be given directly to large school districts or those with especially severe needs. The rest would be distributed among states based on the number of children aged 5 to 18. The total school investment as a result of the bill would be $179.5 billion. ***Referred to House Education and the Workforce Committee & House Ways and Means Committee.***
H.R. 415 **Expand and Rebuild America's Schools Act of 2001** ***Rep. Loretta Sanchez (D-CA)*** ***12 cosponsors (Rep. Rod Blagojevich, D-IL, Rep. Corrine Brown, D-FL, Rep. Julia Carson, D-IN, Rep. Martin Frost, D-TX, Rep. Tim Holden, D-PA, Rep. Michael Honda, D-CA, Rep. Barbara Lee, D-CA, Rep. Ron Paul, R-TX, Rep. Karen Thurman, D-FL, Rep. Edolphus Towns, D-NY, Rep. Maxine Waters, D-CA, Rep. Robert Wexler, D-FL)*** *Introduced February 6, 2001*	Proposal is very similar to the school modernization bonds contained in the original Rangel-Johnson bill. Allows for the federal government to pay the interest on up to $400 million worth of school modernization bonds for both Fiscal Years 2002 and 2003. ***Referred to House Ways and Means Committee.***

Bill Number/Sponsor/Status	Description
H.R. 469 ***Rep. Major Owens (D-NY)*** ***No cosponsors.*** *Introduced February 6, 2001*	Would provide direct grants to states for school construction, renovation, and technology. States will be able to establish a formula for distributing the grants among individual districts, though the plan must be approved by the U.S. Secretary of Education. The bill would authorize $11 billion in grants per year for 10 years. ***Referred to House Education and the Workforce Committee.***
H.R. 341 ***Rep. Harold Ford, Jr. (D-TN)*** ***No cosponsors.*** *Introduced January 31, 2001*	Would provide federal grants for school construction and repairs for school districts that have taken steps to improve teacher quality (such as requiring all teachers to pass statewide content-specific examinations in their subject area) and student achievement (such as State curriculum standards and standardized testing). The bill would provide $5 billion in grants over five years. ***Referred to House Education and the Workforce Committee.***
H.R. 379 **Public School Construction Partnership Act** ***Rep. Clay Shaw (R-FL)*** ***4 cosponsors – (Rep. Doug Bereuter, R-NE, Rep. Ric Kelly, R-FL, Rep. Ron Paul, R-TX, Rep. Thomas Petri , R-WI)*** *Introduced January 31, 2001*	Establishes a $20 billion "stabilization fund" from which states can apply for reduced-interest loans for school construction and repair. The loans should be used to pay the interest on State-issues school construction bonds. No interest will be charged on the loans for 15 years, after which point there will be an interest rate of 4.5 percent. ***Referred to House Ways and Means Committee.***
S. 119 **Building, Renovating, Improving, and Constructing Kids' Schools Act** ***Sen. Olympia Snow (R-ME)*** ***1 cosponsor (Sen. Lincoln Chafee, R-RI)*** *Introduced Jan. 22, 2001*	Senate version of Rep. Shaw's loan fund proposal. The major difference is that States would be charged interest beginning in Fiscal Year 2007, and that the interest rate would vary from 0 percent to 4.5 percent based on the wealth of the State (defined by per-pupil expenditures) and the ability of the State to comply with the federal Individuals with Disabilities Education Act. ***Referred to Senate Health, Education, Labor and Pensions Committee.***

In summary, most the nation's public school districts will continue to face enormous challenges to provide safe and state-of-the-art school facilities that support a quality education. Partisan affiliation aside, the condition of America's schools will not improve without a concerted and coordinated effort by local, state, and national leaders. Concerned parents and community activists face the challenge of letting elected officials at all levels of government know what is at stake: the future quality of our children's education.

Conclusion:

Recommendations for the Future

As the Chicago Public Schools moves forward with its Capital Improvement Program, some mid-course corrections need to be made with the process. Just as importantly, those outside Chicago – particularly those in the Illinois General Assembly, Gov. George Ryan, and our elected officials in Congress and the White House need to come to terms with their role in the process. The Neighborhood Capital Budget Group recommends that, at a minimum, our local, State, and Federal officials work together on the following steps:

Capital Planning

In order to ensure that the Capital Improvement Program is as fair and efficient as possible, the Chicago Public Schools should:

1. **Release the building assessments for each school facility.** Only with full information can parents, teachers, administrators, and Local School Council members know if there are any important projects that have been overlooked. Without these assessments, it is virtually impossible to track how well CPS is doing in fixing our children's school buildings.

2. **Make public the demographic predictions for enrollment growth.** CPS has never shared with the public its information about what schools can expect for the future in terms of enrollment growth. CPS recently approved $105,000 for a demographic study by the University of Illinois at Chicago that will update its information about projected enrollment growth in the City. When this study is complete, the findings should be shared with each LSC and a copies of the entire study should be made available to the public.

3. **Disclose the details about what is planned for each school and how much it will cost.** Before the next round of CIP hearings in the Spring of 2001, CPS should provide each school with detailed information about the scope of planned capital renovations, even those scheduled for the "outyears" (2002-2005) of the capital program. This information will help school communities to prepare accurate and meaningful testimony and help make the hearings as productive as possible.

4. **Publish a list of estimated costs for each type of project.** To help schools give helpful input into the priorities for next year's Capital Improvement Program, CPS should release a list of what each type of school improvement project typically costs, much like the City of Chicago does at its capital hearings.

5. **Explain why certain projects were dropped from the CIP and why others were delayed.** Schools deserve to know why certain projects are not considered a priority so that, if necessary, they can have an intelligent and productive discussion with CPS about why they are important to the community.

6. **Release to the public a user-friendly explanation of where CPS stands in terms of raising the money it needs to complete the capital program.** Such a step is vital to the big-picture, not just among schools but among policy makers and public officials at large. Without a honest assessment of where CPS stands in terms of raising money, it will be difficult to build the sort of public support needed to give momentum to State and Federal school construction legislation.

State and Federal Funding

Our elected officials outside of Chicago need to participate in the broader debate over school capital funding in the following ways:

- **Gov. Ryan and the Illinois General Assembly need to expand and extend Illinois FIRST or a similar school infrastructure program.** In general, the existing Illinois FIRST program has been a success, but much more remains to be done. The program's obvious popularity is a clear sign that it should be extended or, better yet, made a permanent part of the State's budget. With at least $9.2 billion of school capital needs statewide – not to mention the need for continuing maintenance once all of our schools are up to par – there will be a State role in the school modernization issue for decades to come.

- **The State of Illinois should act this year on the CPS Pension Funding Proposal.** The General Assembly should pass, and Gov. Ryan sign, the CPS pension fund proposal which could free up enough local revenues to fund up to $1 billion in additional capital improvements.

- **Illinois stakeholders should consider capital issues in the overall discussion of fair and adequate school funding.** As elected officials, educators, parents, and civic organizations engage the vital debate over the long-term shape of our school funding system in Illinois, capital issues should not be forgotten. State funding for capital improvements would help bring about a workable solution to the challenge of establishing an adequate and equitable statewide system for school funding by freeing up local funds that can be used for educational programs.

- **Members of the U.S. Senate and House of Representatives together with President Bush should work together to bring a school construction bill to the floor of in the first session of the 107th Congress.** The issue has been debated for years, and as lawmakers on Capitol Hill endlessly stall, the problems are only getting worse in most school districts. The conditions of America's schools should be recognized as a non-partisan issue, affecting millions of children, and compromising the future quality of our educational system. Workable proposals and bipartisan support already exist. This year should be when comprehensive federal school construction legislation finally passes.

Appendix A: Partisan Breakdown By State and School Facility Condition

	U.S. House of Representatives			U.S. Senate								
State	Democrat	Republican	Control	Democrat	Republican	Control	Governor	State House	State Senate	Partisan Index	Capital Need	Rank in Enrollment Growth
Alabama	2	5	R	0	2	R	D	D	D	-1	48	35
Alaska	0	1	R	0	2	R	D	R	R	3	19	3
Arizona	1	5	R	0	2	R	R	R	S	4	17	2
Arkansas	3	1	D	1	1	S	R	D	D	-2	33	40
California*	31	20	D	2	0	D	D	D	D	-5	28	7
Colorado	2	4	R	0	2	R	R	R	D	3	18	5
Connecticut	4	2	D	2	0	D	R	D	D	-3	9	24
Delaware	0	1	R	2	0	D	D	R	D	-1	8	18
Florida	8	15	R	2	0	D	R	R	R	3	50	8
Georgia	3	8	R	2	0	D	D	D	D	-3	21	4
Hawaii	2	0	D	2	0	D	D	D	D	-5	32	12
Idaho	0	2	R	0	2	R	R	R	R	5	41	6
Illinois	10	10	S	1	1	S	R	D	R	1	26	22
Indiana	3	7	R	1	1	S	D	D	R	0	42	32
Iowa	1	4	R	1	1	S	D	R	R	2	10	45
Kansas	1	3	R	0	2	R	R	R	R	5	36	27
Kentucky	1	5	R	0	2	R	D	D	R	1	38	42
Louisiana	2	5	R	2	0	D	R	D	D	-1	29	47
Maine	2	0	D	0	2	R	I	D	S	-1	45	48
Maryland	4	4	S	2	0	D	D	D	D	-4	25	13
Massachusetts	10	0	D	2	0	D	R	D	D	-3	7	23
Michigan	9	7	D	2	0	D	R	R	R	1	22	39
Minnesota	5	3	D	2	0	D	I	R	D	-2	16	26
Mississippi	3	2	D	0	2	R	D	D	D	-3	47	43
Missouri	4	5	R	1	1	S	D	D	R	0	37	25
Montana	0	1	R	1	1	S	R	R	R	4	12	29
Nebraska	0	3	R	1	1	S	R	N/A	N/A	2	13	31
Nevada	1	1	S	1	1	S	R	D	R	1	4	1
New Hampshire	0	2	R	0	2	R	D	R	R	3	49	14
New Jersey	7	6	D	2	0	D	R	R	R	1	3	19
New Mexico	1	2	R	1	1	S	R	D	D	0	30	10
New York	19	12	D	2	0	D	R	D	R	-1	2	30
North Carolina	5	7	R	1	1	S	D	D	D	-2	23	16
North Dakota	1	0	D	2	0	D	R	R	R	1	34	49
Ohio	8	11	R	0	2	R	R	R	R	5	5	44
Oklahoma	1	5	R	0	2	R	R	D	D	1	39	41
Oregon	4	1	D	1	1	S	D	R	R	0	27	15

	U.S. House of Representatives			U.S. Senate								
State	Democrat	Republican	Control	Democrat	Republican	Control	Governor	State House	State Senate	Partisan Index	Capital Need	Rank in Enrollment Growth
Pennsylvania**	10	10	S	0	2	R	R	R	R	4	24	36
Rhode Island	2	0	D	1	1	S	R	D	D	-2	6	33
South Carolina	2	4	R	1	1	S	D	R	R	2	35	38
South Dakota	0	1	R	2	0	D	R	R	D	1	31	46
Tennessee	4	5	R	0	2	R	R	D	R	3	43	21
Texas	16	14	D	0	2	R	R	D	R	1	44	9
Utah	1	2	R	0	2	R	R	R	R	5	1	17
Vermont***	1	0	D	1	1	S	D	R	D	-2	46	34
Virginia****	4	7	R	0	2	R	R	R	R	5	20	20
Washington	6	3	D	2	0	D	D	S	D	-4	15	11
West Virginia	2	1	D	2	0	D	D	D	D	-5	40	50
Wisconsin	5	4	D	2	0	D	R	R	D	-1	14	28
Wyoming	0	1	R	0	2	R	R	R	R	5	11	37
Total	211	222	R	50	50	S	19D/24R	24D/24R	22D/25R	0.42		

*California's 32nd Congressional District is vacant due to the death of U.S. Rep. Julian C. Dixon on December 8, 2000.
** Pennsylvania's 9th District is vacant due to the resignation of U.S. Rep. Bud Shuster on February 3, 2001.
*** Vermont's Bernard Sanders is an Independent, but typically votes with the Democrats.
**** Virginia's Virgil Goode is an Independent, but typically votes with the Republicans.

Appendix B:
Capital Programs in Other Midwestern Cities

Cleveland, Ohio

As with many states, Ohio is embroiled in an agonizing effort to reform the way it funds public education. The debate encompasses the entire definition of an "adequate" education, from local control and educational standards to facilities issues. The reality of this ongoing funding debate – which has proceeded under the direction of a decade-old court case – is shaping the way Ohio is thinking about funding school construction and repair as well. Complicating the picture even further is Cleveland's controversial use of vouchers as one educational option. The use of vouchers in the city was declared unconstitutional by a federal appeals court in December 2000. (*For more information about the use of vouchers in the Midwest, please see the section on vouchers under Milwaukee, Wisconsin, below.*)

Ohio's statewide enrollment is about 1.8 million students, but according to the U.S. Dept. of Education it is expected to decline by about 2.3 percent between 1990 and 2010.[13] Still, the State's unmet school capital needs are staggering. The National Education Association estimates that there are $25 billion of unmet capital needs (including technology improvements) in Ohio – the third highest among U.S. states.[14]

The *De Rolph* Decision

Since 1991, school districts, public interest organizations, and State officials have been wrestling with a massive court proceeding that sets as its goal nothing less than reforming Ohio's entire school funding system. The case – *De Rolph v. State of Ohio* – has resulted in two Ohio Supreme Court rulings, the creation of a new state agency focusing on school construction, and a bevy of proposed remedies that range from upping the state sales tax to reducing the reliance on local property tax revenues.

The original lawsuit was brought by the Ohio Coalition for Equity & Adequacy of School Funding, a federation of 553 of Ohio's 611 school districts. The first Ohio Supreme Court decision came six years later, in April 1997. "By our decision today, we send a clear message to lawmakers: The time has come to fix the system," wrote Justice Francis E. Sweeney in the majority opinion. "Let there be no misunderstanding. Ohio's public school financing scheme must undergo a systematic overhaul."[15]

At the core of the decision is the finding that the State's funding formula does not meet the standard set in the Ohio Constitution that the education system must be "thorough and efficient." At the time, Ohio guaranteed that each school district was able to spend at least $3,500 per pupil, up from a "foundation level" of $2,636 per pupil when the suit was filed in 1991.[16] By way of comparison, the foundation level in Illinois – which itself has been criticized for failing to provide adequate resources for education – is $4,425 per student.

Though the Court did not sketch out the details of what a "thorough and efficient" system would look like, it did specify that it should include "facilities in good repair and the supplies, materials, and funds necessary to maintain these facilities in a safe manner, in compliance with all local, state, and federal mandates."[17]

While the original De Rolph decision gave the Ohio legislature one year to work out a remedy, Ohio stakeholders spent the next three years wrangling over the details of the plan. One high-profile proposal – advocated by then Gov. George Voinovich – suggested raising up to $500 million per year for schools through a one-cent increase in the state sales tax. That proposal was rejected by voters in a statewide ballot measure.[18] The State also established the Ohio School Facilities Commission to focus on the school modernization aspect (see below).

In May 2000, the State Supreme Court again ruled on the matter. "We acknowledge the effort has been made, and that a good faith attempt to comply with the constitutional requirements has been mounted," wrote Justice Alice Robie Resnick. "But even more is required."

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[13] U.S. Dept. of Education, *Growing Pains: The Challenge of Overcrowded Schools is Here to Stay*, August 21, 2000.
[14] National Education Association, *Modernizing Our Schools: What Will It Cost?*, May 1, 2000, p26.
[15] Jeanne Ponessa, "Justices Reject Ohio System of School Finance," *Education Week*, April 2, 1997.
[16] *Ibid.*
[17] *Ibid.*
[18] Jeff Archer, "Ohio High Court Again Overturns Finance System," Educaiton Week, May 17, 2000.

Underlying the ruling was a concern with the State's continued over-reliance on local property taxes to fund schools. The Court also directed the State to rework how it calculates what constitutes an "adequate" funding level. Rather than looking at what funds are available and then deciding how to distribute them, the State now must ***start by looking at how much it actually costs to provide a "thorough and efficient" education, then figure out how to raise that money.***[19] This distinction is an important one. It moves the debate beyond the point of just deciding how to divide up the current school-funding "pie" in a fair manner to actually increasing the size of the pie.

The Ohio School Facilities Commission

The Ohio School Facilities Commission (OSFC) was set up in 1997 to address one aspect of the first Ohio Supreme Court ruling. The seven-member commission is intended not only to fund school construction and repairs, but also provide management oversight and technical assistance to individual districts. Of the seven members, just three have votes (the Director of the Office of Budget and Management, the Director of the Dept. of Administrative Services, and the State Superintendent of Public Instruction). The other four members include two members from each chamber of the General Assembly (one Democrat and one Republican from each body).

The OSFC has taken over the State's pre-existing (though relatively small) "Building Assistance Program," which has completed $350 million worth of projects in 43 districts since 1990. The current focus, however, is the much larger "Classroom Facilities Assistance Program," which has funded $1.8 billion of projects in 73 districts since 1997. Districts with the weakest property tax bases received priority for the first round of funding. These districts have contributed another $326 million in local funding to these projects, lower than what the local match will be for most other districts.[20]

Overall, the Classroom Facilities Assistance Program is slated to provide $10.2 billion over 12 years for school repairs and construction. Of the total, $2.5 billion will come from Ohio's share of the tobacco settlement, $5,9 billion from the State's capital budget, and $1.8 billion from other cash payments and interest earnings. Local districts will provide matching funds totaling $12.8 billion.[21]

Cleveland Faces Referendum Campaign

The commonly accepted estimate of Cleveland's remaining school capital need is about $1.2 billion. State funds are expected to account for about 63 percent of this total, with the rest (about $444 million) raised through local property taxes.[22] The City has also taken advantage of the federal Qualified Zone Academy Bond programs to secure $10 million to build a fine-arts high school.[23]

But while the issue has begun to receive the attention it deserves, there are new signs that Cleveland's school facilities are well past due for major repairs. In October 2000, the roof of the gymnasium at East High School collapsed, injuring the students inside. As many as a dozen of the district's 118 school buildings need to be replaced.[24] And before Cleveland sees any of the State money, it must navigate the dangerous waters of a bond referendum.

Larger school districts such as Cleveland won't fully participate in the Classroom Facilities Assistance Program (CFAP) until July 2002, though amendments to the plan allows six of the "big eight" school districts (Cleveland, Cincinnati, Columbus, Akron, Toledo, and Dayton) to participate in the Accelerated Urban Initiative. (The other two districts, Canton and Youngstown, have been included in CFAP). Provided that the districts can match the funds dollar-for-dollar, the Big Eight program distributes $100 million of repair and construction funds among the districts.[25] For Cleveland, that translates into $24.1 million in State funding.[26]

Once a district becomes eligible for State funds, it has one year to pass a referendum approving the tax levy that will fund the local matching dollars. In large school districts such as Cleveland, the district can break up projects into several stages so it does not have to seek approval for a large tax increase all at one time. Currently, the City is deciding whether to put the referendum on the May

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[19] *Ibid.*

[20] Ohio School Facilities Commission at http://www.osfc.state.oh.us.

[21] "Ohio School Facilities Commission: How It Works" and "Ohio School Facilities Commission: Critics Question Guidelines," *Catalyst for Cleveland Schools*, January/February 2001, available at http://www.catalyst-cleveland.org.

[22] *Ibid.*

[23] U.S. Dept. of Education: *Qualified Zone Academy Bonds: A New Approach to Financing School Renovation and Repair*, April 2000, p30.

[24] Charlise Lyles, "A Capital Levy: Will It Take Another Miracle?", *Catalyst for Cleveland Schools*, January/February 2001, available at http://www.catalyst-cleveland.org.

[25] "Ohio School Facilities Commission: How It Works" and "Ohio School Facilities Commission: Critics Question Guidelines," *Catalyst for Cleveland Schools*, January/February 2001, available at http://www.catalyst-cleveland.org.

[26] Ohio School Facilities Commission.

2001 ballot, but two initial public meetings on the matter met with strong skepticism from potential voters. A *Cleveland Plain Dealer* article on the meetings described the proposal for a school construction bond as "soundly thrashed":

> During 90 minutes of public comment at Louis Agassiz [School], "amens" and applause punctuated nearly every remark denouncing the proposal. Audience members questioned how money from a 1996 operating levy was spent, and they said they were appalled that the district would even come to residents again.
>
> "Every year it's money, money, money," said Emma Tontt, whose three children once attended Louis Agassiz. "We haven't had any accountability in 20 years."[27]

In a letter introducing the January/February 2001 issue of *Catalyst for Cleveland Schools*, editor Charlise Lyles asks, "Will it take another miracle" to convince Cleveland voters to pass a tax levy for school capital improvements. Lyles admits that it will be a "tough sell," and that "early signs are that the district is not assuming that public confidence is on its side."[28] The picture is complicated still further by a struggle for control over the school board. On December 13, 2000, the Ohio Supreme Court advanced another ruling with major impact on Cleveland schools, upholding Mayor Michael White's ability to appoint a school board and bypass the public election process. That issue is not likely to be revisited until November 2002, when Cleveland voters will decide whether to continue White's control of the board or allow the public to elect its own slate.[29]

Milwaukee, Wisconsin

As in Ohio, Wisconsin has been wrestling with the character of the state's school funding system. Despite the active involvement of a coalition of school districts that has pushed the issue as far as the Wisconsin Supreme Court, proponents of school funding reform haven't met with the same success as their colleagues in Ohio. Meanwhile, statewide public school enrollment – currently at 877,000 – is growing at a projected rate of 6.7 percent between 1990 and 2010.[30] The state ranks 15th nationally in unmet capital needs, with an estimated $5.7 billion in school construction and repair projects that need to be completed.[31]

Vincent v. Voight

Ongoing questions about the adequacy of Wisconsin's system for funding schools led the Milwaukee-based Association for Equity in Funding (AEF) -- a coalition of 100 school districts from across the state -- to file a lawsuit challenging the education funding system. The 1995 lawsuit, *Vincent v. Voight*, contended that Wisconsin should rework the school funding system from scratch and eliminate disparities between wealthy and poor districts.[32]

The controversy over school funding in Wisconsin is rooted in the state's unusual system, which originated in 1993 legislation aimed at reducing the reliance on local property taxes to fund education. The State agreed to fund two-thirds of the cost of education – seemingly a boon for local governments seeking to keep taxes down – but there were strings attached. In order to ensure that it could afford to meet the two-thirds goal, the State sought to regulate both revenues and costs. The state legislation froze the amount of money that could be raised (both through local property taxes and state aid) at the levels in the 1992-1993 budget. Teacher salaries and benefits cannot increase faster than 3.8 per year, and districts can only increase their annual budgets by $211 per student. If a district wants additional funding, it must persuade voters to approve a referendum approving the budget. If the ballot measure passes, the State must then increase its financial assistance to meet the two-thirds target.[33]

The revenue caps have wreaked havoc on many school districts on both the operating and capital sides of the budget. According to a 1999 study by the Wisconsin Education Association Council, 84 percent of school districts have cut at least one program because of the caps. "Of the districts that made cuts, most deferred building and grounds maintenance or improvement projects and delayed technology purchases," according to a report on the survey in *Education Week*.[34]

AEF contends that the tight restrictions on revenue growth take a serious toll on the ability of poorer school districts to maintain and modernize their facilities. "Districts also are limited in their efforts to borrow funds and this limitation has the effect of widening per

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[27] Angela Townsend, "School bond issue gets soundly thrashed," *Cleveland Plain Dealer*, Feb, 9, 2001.
[28] Charlise Lyles, "A Capital Levy: Will It Take Another Miracle?", *Catalyst for Cleveland Schools*, January/February 2001, available at http://www.catalyst-cleveland.org.
[29] Catherine Candisky, "Cleveland Schools' Takeover Upheld," *Columbus Dispatch*, December 14, 2000.
[30] U.S. Dept. of Education, *Growing Pains: The Challenge of Overcrowded Schools is Here to Stay*, August 21, 2000.
[31] National Education Association, *Modernizing Our Schools: What Will It Cost?*, May 1, 2000, p26.
[32] Steven Walters, "School-aid Case Reaches High Court," *Milwaukee Journal-Sentinel*, February 9, 2000.
[33] Julie Blair, "Wisconsin Districts Chafe Under State's Revenue Limits," *Education Week*, January 27, 1999.
[34] *Ibid.*

pupil spending disparities . . .," AEF writes. "[T]he amount of school debt per pupil tends to increase with property wealth. Wealthy districts already have lower class sizes and in 1998 approved referendums for greater per pupil expenditures for facilities and revenue limit increases."

The provision in the State law that allows for local referenda actually works to increase the disparities among districts, AEF contends. "In 1999, higher spending districts approved larger exceptions to the revenue limits. Similarly, successful referendums in districts of above-average property wealth provided more revenue per pupil than in districts where property wealth was below average," AEF writes. "This harms poor districts because they are less able to finance and operate capital improvements and lower class sizes."[35]

In July 2000, five years after the case first was filed, the Wisconsin Supreme Court ruled on the case. The Court voted 4-3 to uphold the existing school finance system, ruling that it "offer[s] students the equal opportunity for a sound basic education."[36] Nevertheless, a number of organizations – including AEF, the Wisconsin Education Association Council (the local affiliate of the National Education Association), and the Milwaukee-based Institute for Wisconsin's Future – continue to work to change the school funding formula through legislative action.

[35] Association for Equity in Funding at http://www.execpc.com/~wael/problem.htm.
[36] Julie Blair, "Wisconsin Supreme Court Upholds School Finance System," Education Week, August 2, 2000.

School Choice And Capital Concerns

One of the defining issues in Milwaukee is the prevalence of school choice. The issue pervades every aspect of education in the City, from debates over student performance to the struggle to secure funding for capital projects. The Milwaukee Parental Choice Program allows children from low-income families to attend private or religious schools at taxpayer expense. Private schools that participate in the program receive $5,326 per year per student. For the 2000-2001 school year, 9,300 student received vouchers to attend 113 different schools.[37]

Those groups, such as the Association for Equity in Funding, that are already concerned about tight revenue limits in Wisconsin are especially concerned about what the school choice program will mean for public school funding. "The cost of all the vouchers ($53.3 million) will be taken from equalization aid that otherwise would have been paid to school districts (half from [the Milwaukee Public Schools] and half from others," AEF writes in *What's Wrong With Wisconsin's School Financing?* "Similarly, equalization aid will also be reduced by $11.7 million to pay the cost of charter schools operated by other institutions. Because the voucher and chater school costs are taken from equalization aid, greater losses are incurred by low [property] value districts; and the district with the most property wealth per pupil loses nothing."[38]

Milwaukee's voucher program was upheld by the Wisconsin Supreme Court in 1998, but a similar program in Cleveland was recently struck down by the U.S. Court of Appeals. In a December 11, 2000, ruling, the U.S. Court of Appeals for the 6th Circuit ruled that the five-year old Cleveland Scholarship and Tutoring Program violated the constitutional separation of church and state because most of the participating schools had a religious focus. That program provided 4,000 low-income students with vouchers of up to $2,250 to help pay tuition at private schools. About 80 percent of the schools in the program were affiliated with a church.[39]

With or without vouchers, Milwaukee's schools have a lot of work to do. According to an assessment by the Wisconsin Dept. of Public Instruction, half of the City's school buildings were built before 1940, and 46 percent reported that they were overcrowded.[40] There is some additional State help on the horizon. In October 1999, the Wisconsin Legislature adopted a bill that would authorize the Milwaukee Public Schools to borrow up to $170 million for neighborhood school construction to replace the extensive busing that is now required. The plan focuses on the 28 most overcrowded facilities, and seeks to construct more than 11,000 new seats in neighborhood schools. The preliminary plan includes six new elementary schools and 33 additions, plus numerous other renovations.[41]

Detroit, Michigan

Unlike Ohio and Wisconsin, Michigan has not had a high-profile lawsuit about the adequacy of the statewide funding system. But that's not to say the state – and its largest city, Detroit – haven't been battered by controversy. In November 2000, a statewide ballot measure that would have permitted school vouchers was voted on and soundly defeated. While Republican Gov. John Engler's FY2002 budget would provide a minimum per-pupil funding of $6,500[42] – far higher than many states – Michigan has no formal statewide program to assist with school construction and repair. Meanwhile, the U.S. Dept. of Education estimates that Michigan's enrollment is at 1.7 million students, and is expected to rise by 1.2 percent between 1990 and 2010.[43] Statewide, the unmet capital need has been estimated at $9.9 billion, ninth among all U.S. states.[44] At the local level, Detroit's school board has been dogged by reports of poor student performance and mismanagement of funds, resulting in a mayoral "takeover" of the school board in 1999.

Detroit's Capital Program

Unlike cities such as Chicago, which are quickly running out of local funds with which to meet their capital needs, Detroit currently has substantial funds available and waiting to be spent. In fact, parents, children, and teachers have been waiting for quite a long time to see those funds begin to flow. Detroit originally authorized $1.5 billion in bonding authority from local property taxes as far back as 1994, but because an adequate construction and repair plan was never put in place, no bonds were issued until 1999. Currently, $1.4 billion of that bonding authority remains, and Detroit appears poised to finally make good on its promises.

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[37] Darcia Harris Bowman, "Wisconsin Officials Spar With Private Schools Over Vouchers," *Education Week*. October 25, 2000.

[38] Association for Equity in Funding, *What's Wrong With Wisconsin's School Financing?*, available at http://www.execpc.com/~wael/problem.htm.

[39] Darcia Harris Bowman, "Appeals Court Rejects Cleveland Voucher Program," *Education Week*, December 13, 2000.

[40] Wisconsin Dept. of Public Instruction, "School Facilities Survey for 1998-9 for the Milwaukee Public Schools."

[41] Milwaukee Public Schools, *MPS Neighborhood Schools Plan: Executive Summary*.

[42] *Education Week* summary of Gov. John Engler's Jan. 19, 2001 "State of the State" address, found at http://www.edweek.org/ew/ewstory.cfm?slug=21sos.h19.

[43] U.S. Dept. of Education, *Growing Pains: The Challenge of Overcrowded Schools is Here to Stay*, August 21, 2000.

[44] [44] National Education Association, *Modernizing Our Schools: What Will It Cost?*, May 1, 2000, p26.

Immediately prior to the 2000-2001 school year, the Detroit Public Schools spent $79 million during a targeted eight-week program that made repairs to 6,000 classrooms and 2,000 bathrooms in 250 of the City's 263 public schools.[45]

Still, despite the available funds, the urgency and scope of the problems make the task ahead a daunting one. No new schools have been built in Detroit since 1981,[46] and a recent asbestos scare underscored the problem still further. Acting on a parent complaint filed in 1998, the U.S. Environmental Protection Agency inspected seven Detroit schools and found asbestos "hanging out of ceilings and exposed around pipes in areas where children were close by." The violations cost Detroit $1.4 million in fines.[47]

The current plan calls for constructing 69 new schools over seven years and complete major renovations of 50 buildings by the end of 2007. The City's long-run plan is to replace the majority of its buildings over the next two decades.[48] In order to do so, it must continue to navigate choppy political waters. Gov. Engler has expressed his intention to tie school funding increases to a range of his favorite educational initiatives, including school choice and charter school programs.[49] And with the help of Engler and the Michigan State Legislature, Detroit Mayor Dennis Archer has seized the reigns of the Detroit Public Schools. Archer will be able to appoint six of the seven members of the new "reform" school board, with the State schools superintendent occupying the final slot. The board will have the power to appoint a new Chief Executive Officer for the Detroit schools. While the existing elected school board can still meet through 2002, its short-term powers have been gutted. Voters will decide in 2004 whether it should keep the reform board or hold elections.[50]

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[45] David Adamany, Chief Executive Officer, Detroit Public Schools, *Report to the Detroit School Reform Board, 1999-2000*, June 30, 2000.
[46] *Ibid.*
[47] Catherine Gewertz, "Detroit Fined $1.4 million Over Asbestos Inspections," *Education Week*, May 10, 2000.
[48] David Adamany, Chief Executive Officer, Detroit Public Schools, *Report to the Detroit School Reform Board, 1999-2000*, June 30, 2000.
[49] Robert C. Johnston, "Engler Sees Funding Suplement as Stage for Policies," *Education Week*, April 21, 1999.
[50] Bess Keller, "Michigan Lawmakers Approve Takeover Bill for Detroit," *Education Week*, March 31, 1999.

Summary of Four Major Midwestern School Districts: Chicago, Cleveland, Milwaukee, Detroit

	Chicago	Cleveland	Milwaukee	Detroit
District Enrollment	431,750	76,558	105,000	167,000
Statewide Enrollment	2.7 million	1.8 million	877,000	1.7 million
% Growth in Statewide Enrollment, 1990-2010	12.6 percent	-2.3 percent	6.7 percent	1.2 percent
State Role in School Facilities Funding	From 1997 to 2003, the Illinois FIRST program is slated to provide about $2.5 billion for school projects.	The Ohio School Facilities Commission (OSFC) is providing $10.2 billion over 12 years for school projects.	State funds to assist with capital projects are provided through general state aid formula (see section on adequacy, below).	State funds to assist with capital projects are provided through general state aid formula (see section on adequacy, below).
Remaining Local Capital Needs	$2.5 billion	$1.2 billion	N/A	$1.5 billion
Local Capital Plan	About $2.6 billion in local property tax bonds have been issued as part of school repair and construction program.	About 63 percent of Cleveland's $1.2 billion need will come through State funds, but a heated debate is underway over the local property tax levy needed to pay for the local match for the OSFC dollars.	In October 1999, the Wisconsin Legislature authorized the City to borrow $170 million to build schools to reduce busing. The current plan would build six new elementary schools and 33 additions.	Detroit authorized $1.5 billion in bonds in 1994, but for years nothing happened because an adequate capital plan didn't exist. $79 million in emergency repairs were made, but $1.4 billion of the bonds remain. They will be used to construct 69 schools over seven years and renovate 50 other schools.
Total Unmet Statewide Capital Need	$11.3 billion	$25 billion	$5.7 billion	$9.9 billion
Rank Among U.S. States (Total Need)	6	3	15	9
Per-Student Capital Need	$5,483	$13,686	$6,520	$5,858
Rank Among U.S. States (Per Student Need)	26	5	14	22
Use of Federal QZAB Money (in City)	Issued $14 million bond to renovate armory into the Chicago Military Academy in Bronzeville.	Proposes using $10 million in QZAB bonds to build a magnet school for the arts.	Milwaukee is authorized to issue $8.6 million in bonds to update the Milwaukee Trade and Technical High School	None
Other Federal QZAB Money (Statewide)	$996,000 to renovate the Abraham Lincoln Elementary School, which is also used for after-school and summer programs.	None	None	None
Status of Debate Over Adequacy of State School Funding Formula	Gov. George Ryan has convened a committee to look at the issue. Preliminary	The decade-old *DeRolph* case led to two Ohio Supreme Court rulings that judged the	In July 2000, the Wisconsin Supreme Court in *Vincent v. Voight* ruled that the State's	There is currently no major legislative proposals or court cases on the issue of the

	Chicago	Cleveland	Milwaukee	Detroit
	legislative recommendations would slightly increase the foundation level guaranteed to each public school student.	State funding formula to be inadequate and established a special State body to work on capital needs. Work is underway to implement the Court's orders.	school funding system was constitutional, though many districts continue to fight "revenue caps" on local districts through legislative channels.	adequacy of the Michigan school funding formula.
Use of Vouchers	None.	In December 2000, Cleveland's voucher program was struck down by the U.S. Court of Appeals. About 4,000 students participate in the program. Participating schools get up to $2,250 per student.	The Wisconsin Supreme Court upheld Milwaukee's voucher program in 1998. About 9,300 students participated in the program in 2000-2001. Participating schools received $5,326 per year per student.	Supported by Gov. John Engler, but no program in place.

Appendix C: Chicago's School Pension Fund Proposal

"If the State would pay into the Chicago Teachers Pension fund, CPS would have a lot more money." Have you heard this lately from the Chicago Public Schools? Probably so. At School Board meetings, Board President Gery Chico often stresses how CPS could pay for much more school construction if the State contributed to the Chicago teachers' pension fund. CEO Paul Vallas has also been vigilantly pushing the issue in the press. What is the story behind the teachers' pension fund? If the state pays for pensions, will it be the magic bullet CPS is looking for to balance its capital budget?

Two Teacher Pension Funds

There are two teacher pension funds in Illinois: the Illinois Teacher Retirement System (TRS) and the Chicago Teacher Retirement System. The State of Illinois fully funds the TRS, but up until 1995, the State made no contribution to the Chicago Fund. The Illinois General Assembly passed legislation in 1995 that looked to change that funding imbalance.

Legislation

In 1995, the Illinois General Assembly passed a law obligating the State to pay Chicago 20 to 30 percent of the amount it contributes to the downstate TRS. Despite the law, the State still only chips 9 percent, or $65 million a year.

CPS is counting on two state Senate bills – SB 137 and 138 - to make sure Springfield increases its contribution to the Chicago teacher's pension fund. If these bills pass, the State will raise its contribution to the Chicago TRS each time it increases its contribution to the Illinois TRS. The State will pay 20 percent of each increase to the Illinois TRS. Such help from the State could free up CPS funds for new capital construction.

Impact

The Neighborhood Capital Budget Group estimates that Chicago could reap as much as $244 million in additional pension funds by 2011 if the General Assembly passes the bills this legislative session. According to CPS, that new revenue stream could be enough to pay for another $1 billion in capital improvement bonds.

While the legislation appears promising, it is unlikely to be the key to balancing CPS's capital budget. There are competing uses for the new money and not all of it can go towards school construction. For example, even if new construction goes up, so too will maintenance costs. Each new building means more floors to sweep, windows to wash, classrooms to heat , and so on. Recent low ISAT scores may also be a sign that CPS will allocate more resources to academic testing.

The pension legislation may not be the miracle cure some tout it to be. Nevertheless, it could make a significant impact on modernizing Chicago's schools.

SB 137 & 138

Chicago Public Schools Pension Funding Proposal

Summary

This legislation would amend Section 17-127 of the Chicago Teacher Article of the State Pension Code. The State would commit 20% of its allocations to the Illinois Teachers' Retirement System to the Chicago Teachers Pension Fund. This would amount to the State contributing between $15 and $18 million annually.

Sponsor

State Senator Robert Molaro (D-Chicago) introduced Senate Bills 137 and 138 over year and a half ago. Molaro is the Democratic Spokesman on the Senate Executive Committee and a member of the Senate Insurance & Pension Committee.

Supporters

The bills are endorsed by the Chicago Public Schools, Chicago Teacher Retirement System, Chicago Teachers Union, Chicago Association of Realtors, and various other unions and contracting associations.

Status

Although the plan is receiving bipartisan support, both bills have been stuck in the Senate Rules Committee since March of 1999. The bills will not go anywhere until Senate President James "Pate" Philip moves on them.